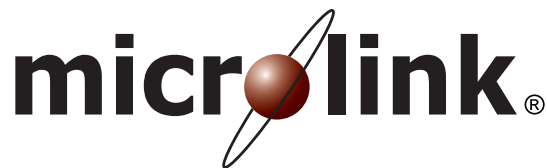


THIS INDEPENDENT ADVICE CIRCULAR (“IAC”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. YOU SHOULD READ THIS IAC IN CONJUNCTION WITH THE OFFER DOCUMENT DATED 28 MAY 2013 ISSUED BY RHB INVESTMENT BANK BERHAD (“RHB INVESTMENT BANK” OR THE “ADVISER”), ON BEHALF OF THE OFFEROR (AS DEFINED BELOW) WHICH HAS BEEN SENT TO YOU.

If you are in any doubt as to what course of action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately. If you have sold or transferred all of your ordinary shares of RM0.10 Microlink Solutions Berhad, you should at once hand this IAC to the stockbroker or the agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

Pursuant to Section 15(7) of the Malaysian Code on Take-Overs and Mergers 2010 (“Code”), the Securities Commission Malaysia (“SC”) has granted its consent to the issuance of this IAC. However, such consent shall not be taken to imply that the SC agrees with the views and recommendation contained in this IAC. It merely means that this IAC has complied with the disclosure requirements under the Code. The SC takes no responsibility for the contents of this IAC, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this IAC.



MICROLINK SOLUTIONS BERHAD

*(Company No.: 620782-P)
(Incorporated in Malaysia under the Companies Act, 1965)*

INDEPENDENT ADVICE CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE CONDITIONAL TAKE-OVER OFFER

BY

FORMIS HOLDINGS BERHAD

(“FHB” OR THE “OFFEROR”)

THROUGH



RHB Investment Bank Berhad

*(Company No.: 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)*

TO ACQUIRE

- (I) ALL THE REMAINING ORDINARY SHARES OF RM0.10 EACH IN MICROLINK SOLUTIONS BERHAD (“MICROLINK”) (“MICROLINK SHARES”) WHICH ARE NOT ALREADY OWNED BY FHB ; AND**
- (II) ALL THE NEW MICROLINK SHARES THAT MAY BE ALLOTTED AND ISSUED UP TO THE CLOSE OF THE OFFER PURSUANT TO THE EXERCISE OF ANY OUTSTANDING OPTIONS GRANTED UNDER MICROLINK’S EXISTING EMPLOYEE SHARE OPTION SCHEME**

FOR A CASH CONSIDERATION OF RM0.60 FOR EVERY ONE (1) MICROLINK SHARE (“OFFER”)

Independent Adviser



KENANGA INVESTMENT BANK BERHAD
Company No. 15678-H

A Participating Organisation of Bursa Malaysia Securities Berhad

This Independent Advice Circular is dated 7 June 2013

DEFINITIONS

Except where the context otherwise requires or where otherwise defined herein, words and expressions defined in the Code (as defined hereunder) shall have the same meaning when used herein and the following definitions shall apply throughout this IAC:-

50% Acceptance Condition	: The condition that the Offeror and its PAC having received, on or before the Closing Date, valid acceptances (provided that such acceptances are not, where permitted, subsequently withdrawn) in respect of the Offer Shares, which would result in the Offeror and its PAC holding in aggregate, together with such Microlink Shares that are already acquired, held or entitled to be acquired or held, more than fifty percent (50%) of the total voting shares of Microlink
Accepting Holder(s)	: Holder(s) who accept(s) the Offer who accepts the Offer in accordance with the terms and conditions set out in the Offer Document
Act	: Companies Act, 1965
ADA	: Authorised Depository Agent, as defined in the Rules of Bursa Depository
ADM	: Authorised Direct Member, as defined in the Rules of Bursa Depository
Board of FHB	: Board of directors of FHB
Board of FRB	: Board of directors of FRB
Board of Microlink or the Board	: Board of directors of Microlink
Bursa Depository	: Bursa Malaysia Depository Sdn. Bhd. (165570-W)
Bursa Securities	: Bursa Malaysia Securities Berhad (635998-W)
CAGR	: Compounded annual growth rate
CAIT	: CA IT Infrastructure Solutions Sdn. Bhd., a wholly-owned subsidiary of the Company
CDS	: Central Depository System
CMSA	: Capital Markets and Services Act, 2007 of Malaysia and any amendments thereto from time to time
Closing Date	: The First Closing Date or in the event the Offer is revised or extended in accordance with the Code and the terms and conditions of the Offer Document, such other revised or extended closing dates as the Offeror may decide and as may be announced by RHB Investment Bank on behalf of the Offeror
Code	: Malaysian Code on Take-Overs and Mergers 2010 and any amendments thereto from time to time
Comparable Companies	: Selected companies comparable to Microlink as disclosed in Section 5.5.2 of Part B of this IAC
Director(s)	: The director(s) of Microlink
Dissenting Shareholder(s)	: Any shareholder(s) of Microlink who does not accept the Offer and/or any shareholder(s) who has failed or refused to transfer the Offer Shares to the Offeror in accordance with this Offer Document
EGM	: Extraordinary general meeting
EPS	: Earnings Per Share
ESOS	: Employee share option scheme

DEFINITIONS (CONT'D)

ESOS Options	: Outstanding options granted under Microlink's existing ESOS which are each exercisable into one (1) new Microlink Share
EV/ EBITDA	: Enterprise value / Earnings before interest, tax, depreciation and amortisation
FBM KLCI	: FTSE Bursa Malaysia KLCI Index
FHB or the Offeror	: Formis Holdings Berhad (281000-K), a wholly-owned subsidiary of FRB
FHB Group	: FHB and its group of companies, respectively
First Closing Date	: 5.00 p.m. (Malaysian Time) on 19 June 2013, being twenty-two (22) days from the Posting Date
Final Dividend	: The final tax exempt dividend of RM0.03 as announced on 26 March 2013 for every Microlink Share held on 6 May 2013
Form of Acceptance and Transfer	: Form of acceptance and transfer for the Offer enclosed with the Offer Document
FPE	: Financial period ended
FRB or the Ultimate Offeror	: Formis Resources Berhad (530701-T)
FRB Group	: FRB and its group of companies, collectively
FYE	: Financial Year Ended/Ending (as the case may be) 31 December
HOA or the Heads of Agreement	: The conditional heads of agreement between Microlink with FRB and FHB expressing Microlink's intention to acquire the subsidiaries of FRB and FHB for an indicative aggregate purchase consideration of RM102.0 million be satisfied through the issuance of 463,636,363 new Microlink Shares at an issue price of RM0.22 per Share, as announced by the Company on 8 May 2012
Holder(s)	: Holder(s) of the Offer Share
Independent Advice Circular or IAC	: Independent advice circular to be issued by the Independent Adviser to the Holders in relation to the Offer
IAC	: This Independent Advice Circular dated 7 June 2013 in relation to the Offer
IAL	: This Independent Advice Letter dated 7 June 2013 issued by KIBB attached in Part B of this IAC
ICT	: Information and communications technology
Independent Adviser or KIBB	: Kenanga Investment Bank Berhad (15678-H), the independent adviser for the Offer appointed by the Board of Microlink for the Offer in accordance with Section 15 of the Code
Last Trading Day before the Offer	: Last full trading day prior to the Notice, being 6 May 2013
LAT	: Loss After Tax
LBT	: Loss Before Tax
Listing Requirements	: ACE Market Listing Requirements of Bursa Securities
LPD'	: 4 June 2013, being the latest practical date which is not more than seven (7) days before the date of this IAC
LPS	: Loss Per Share
Market Day	: Any day between Monday to Friday (inclusive), excluding public holidays, and a day on which the stock market of Bursa Securities is open for trading of securities

DEFINITIONS (CONT'D)

Microlink or the Company or the Offeree	: Microlink Solutions Berhad (620782-P)
Microlink Group or the Group	: Microlink and its group of companies, collectively
Microlink Shares or the Shares	: Ordinary shares of RM0.10 each in Microlink
NA	: Net assets
Non-compliance with Public Shareholding Spread	: The public shareholding spread of Microlink based on the Register of Depositors of Microlink as at 28 February 2013 of approximately 22.50%, which is not in compliance with Rule 8.02(1) of the Listing Requirements
Non-resident Holder(s)	: Any Holder(s) (including without limitation, custodians, nominees and trustees) who are citizens or nationals of, or residents in, or have registered addresses in jurisdictions outside Malaysia, or incorporated or registered with, or approved by any authority outside Malaysia
Non-interested Directors	: Directors that are deemed not to be interested in the Offer, which includes all of the Board, save for Mr. Monteiro Gerard Clair, the Non-Independent Non-Executive Director of Microlink
Notice	: Notice of the Offer dated 7 May 2013 issued by RHB Investment Bank on behalf of the Offeror and served to the Board of Microlink on the same date
Offer	: Conditional take-over offer by the Offeror through the Adviser to acquire the Offer Shares at the Offer Price upon the terms and conditions as set out in this Offer Document, including any revision or extension (if any) thereof
Offer Document	: The document dated 28 May 2013 which sets out the details, terms and conditions of the Offer with the Form of Acceptance and Transfer enclosed therein
Offer Document LPD	: 22 May 2013, being the latest practicable date set out in the Offer Document
Offer Period	: The period commencing from 7 May 2013, being the date of the Notice, and ending on: (a) the Closing Date; or (b) the date on which the Offer lapses, expires or is withdrawn with the consent of the SC, whichever is earlier
Offer Price	: RM0.60 per Offer Share, being the cash consideration to be paid to the Accepting Holders pursuant to the Offer
Offer Share(s)	: Includes: (a) all the remaining 94,601,020 Microlink Shares, representing approximately 70.78% of the issued and paid-up share capital of Microlink not already owned by the Offeror as at the Offer Document LPD, and (b) all the new Microlink Shares that may be allotted and issued up to the close of the Offer pursuant to the exercise of any outstanding options granted under Microlink's existing ESOS
Official List	: A list specifying all securities listed on the ACE Market of Bursa Securities
PAC	: Person acting-in-concert with the Offeror (in accordance with Section 216 of the CMA) for the Offer, namely FRB

DEFINITIONS (CONT'D)

PAT	: Profit after taxation
PATMI	: Profit after tax and minority interest
PATNCI	: Profit after taxation and non-controlling interest
P/BV	: Price-to-book multiple
PBT	: Profit before taxation
P/E	: Price-to-earnings multiple
Posting Date	: 28 May 2013, being the date of posting of the Offer Document
Public Shareholding Spread	: Any holding by general public less than 5% excluding all Director's shareholdings
Relevant Day	: The Market Day following the day on which the Offer is declared unconditional as to acceptances, revised or extended, as the case may be
RHB Investment Bank	: RHB Investment Bank Berhad 19663-P
RM and sen	: Ringgit Malaysia and sen respectively
ROE	: Return of Equity
Rules of Bursa Depository	: The rules of Bursa Depository as issued under the SICDA
SC	: Securities Commission Malaysia
SICDA	: Security Industry (Central Depositories) Act, 1991
Swap Price	: The issue price of the new Microlink Shares to be issued in accordance to the HOA
SICDA	: Security Industry (Central Depositories) Act, 1991
VWAP	: Volume weighted average market price

In this IAC, words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall include corporations, unless otherwise specified.

Where a period specified in the Code, as appearing in this IAC, ends on a day which is not a Market Day, the period is extended until the next Market Day.

All references to "you" or "Holder" in this Offer Document are to each Holder, being the person to whom this Offer is being made.

All references to "we", "us" and "our" in this Offer Document are to the Adviser, being the party through which the Offeror is making the Offer.

Any discrepancies in the tables included in this Offer Document between the amounts listed, actual figures and the totals thereof are due to rounding.

All references to dates and times in this Offer Document shall be references to Malaysian dates and times, unless otherwise indicated.

Any reference in this Offer Document to any enactment is a reference to that enactment, for the time being as amended or re-enacted.

TABLE OF CONTENTS

	<i>Page</i>
EXECUTIVE SUMMARY	vi
<u>PART A</u>	
LETTER FROM THE MICROLINK BOARD	
1. INTRODUCTION AND BACKGROUND OF THE OFFER	1
2. SALIENT TERMS OF THE OFFER	2
3. NON-INTERESTED DIRECTORS' COMMENTS	2
4. DETAILS OF ACCEPTANCE	4
5. INDEPENDENT ADVISER'S LETTER	4
6. DISCLOSURE OF DIRECTORS' INTEREST	5
7. DIRECTORS' RESPONSIBILITY STATEMENT	8
8. ESOS	8
9. NON-INTERESTED DIRECTORS' RECOMMENDATION	9
<u>PART B</u>	
IAL FROM KIBB	
1. INTRODUCTION AND BACKGROUND OF THE OFFER	12
2. TERMS AND CONDITIONS OF THE OFFER	13
3. DETAILS OF ACCEPTANCE	14
4. SCOPE AND LIMITATIONS OF KIBB'S EVALUATION AND OPINION	15
5. FINANCIAL EVALUATION OF THE OFFER	16
6. INDUSTRY AND FUTURE OUTLOOK	42
7. RATIONALE FOR THE OFFER	45
8. OTHER CONSIDERATIONS	46
9. FURTHER INFORMATION	50
10. CONCLUSION AND RECOMMENDATION	51
<u>APPENDICES</u>	
APPENDIX I INFORMATION ON MICROLINK	56
APPENDIX II INFORMATION ON FHB <i>(As extracted from the Offer Document)</i>	62
APPENDIX III PRACTICE NOTE 15 PARAGRAPH 3 OF THE CODE	68
APPENDIX IV FURTHER INFORMATION	70

EXECUTIVE SUMMARY

THIS EXECUTIVE SUMMARY HIGHLIGHTS THE SALIENT INFORMATION OF THE OFFER. WE ADVISE HOLDERS TO READ THE LETTER FROM THE MICROLINK BOARD AND THE IAL FROM KIBB, THE INDEPENDENT ADVISER, IN RELATION TO THE OFFER FOR FURTHER INFORMATION AND FOR THEIR RECOMMENDATIONS IN RELATION TO THE OFFER. THIS IAC SHOULD ALSO BE READ IN CONJUNCTION WITH THE OFFER DOCUMENT ISSUED BY RHB INVESTMENT BANK ON BEHALF OF THE OFFEROR.

1. INTRODUCTION

The Board had, on 7 May 2013 announced to Bursa Securities the receipt of the Notice from RHB Investment Bank on behalf of the Offeror, to notify Bursa Securities of the Offeror's intention to acquire the Offer Shares at the Offer Price.

On 16 May 2013, the Board announced that they did not intend to seek an alternative person to make a take-over offer for the Offer Shares.

Pursuant to Section 15 (1) of the Code, the Board on 21 May 2013 appointed KIBB as the Independent Adviser to advise the Non-Interested Directors and the Holders on the fairness and reasonableness of the Offer.

The Offer Document together with the Form of Acceptance and Transfer were posted to the Holders on 28 May 2013.

The purpose of this IAC is to highlight the relevant information relating to the Offer and to provide you with the Non-Interested Directors' views and recommendations on the Offer together with the recommendations of KIBB.

2. SALIENT TERMS OF THE OFFER

(a) Offer Price

The consideration for the Offer is RM0.60 per Offer Share and shall be satisfied in cash.

(b) Condition of the Offer

The Offer is **conditional** upon the following:

- (i) **50% Acceptance Condition** being the minimum level of valid acceptances in respect of the Offer Shares; and
- (ii) the approval of the shareholders of FRB at an EGM to be convened in the middle of June 2013.

(c) Duration of the Offer

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on 19 June 2013, being the First Closing Date or such later date(s) as the Offeror may decide and as announced by RHB Investment Bank, on behalf of the Offeror, no later than two (2) days before the Closing Date. Notices of such extension will be posted to the Holders accordingly.

EXECUTIVE SUMMARY

(d) Method of settlement

The settlement of the consideration for the Offer Shares will be effected via remittance in the form of cheque(s), banker's draft(s) or cashier's order(s) which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at the Accepting Holders' registered Malaysian address last maintained with Bursa Depository at their own risk, within ten (10) days from:

- (i) the date the Offer becomes or is declared wholly unconditional, where the valid acceptances are received during the period when the Offer is still conditional; and
- (ii) the date of receipt of the valid acceptances, where valid acceptances are received during the period after the Offer is or has become or has been declared unconditional.

THE ABOVE IS A SUMMARY OF THE TERMS AND CONDITIONS OF THE OFFER. HOLDERS ARE ADVISED TO READ THE OFFER DOCUMENT AND, IN PARTICULAR, SECTION 2 FOR DETAILS ON THE TERMS AND CONDITIONS OF THE OFFER, APPENDIX II FOR THE OTHER TERMS AND CONDITIONS OF THE OFFER AND APPENDIX III FOR THE PROCEDURES FOR ACCEPTANCE AND METHOD OF SETTLEMENT OF THE OFFER.

3. DETAILS OF ACCEPTANCES

As disclosed in the Offer Document, the Offeror has not received any irrevocable undertaking from any Holder to accept the Offer.

As at the LPD, there is no announcement made by RHB Investment Bank, on behalf of the Offeror, of any acceptance of the Offer Shares.

4. EVALUATION OF THE OFFER

In arriving at the recommendation in respect of the Offer, KIBB has assessed the fairness and reasonableness of the Offer in accordance to Practice Note 15 Paragraph 3.1 to 3.6 of the Code (as set out in Appendix III herein).

4.1 Assessment of Fairness of the Offer

In accordance to Practice Note 15 Paragraph 3.2 of the Code, in arriving at its fairness evaluation of the Offer, the Independent Adviser had assessed the Offer Price against the fair value of Microlink Shares.

Pursuant to the above, the Offer will be considered not fair if the value of the Offer Price is lower than the fair value of Microlink Shares, and vice versa. In making this assessment, the fair value was conducted on Microlink Shares by KIBB based on the assumption that 100% of the Company is being acquired.

EXECUTIVE SUMMARY

In making the above assessment, KIBB's evaluations of the fairness of the Offer are based on the following pertinent factors, details of which are set out in **Sections 5.2 to 5.4 of Part B of this IAC**:

(i) Market Valuation Analysis

Offer Price represents an Offer P/E and EV/EBITDA of 10.9 times and 6.1 times, respectively, which is below its own one (1) year market valuations of 16.2 times (P/E) and 15.1 times (EV/EBITDA). Therefore, in accepting the Offer, the Accepting Holders are effectively realising their investment in Microlink at a discount over its own one (1) year market valuations.

We note that although the historical financial performance of the Microlink Group had outperformed the Comparable Companies, the Offer P/E and Offer EV/EBITDA are based on valuations which are lower than the average one (1) year market valuations of the Comparable Companies of 11.9 times (P/E) and 6.5 times (EV/EBITDA).

Moreover, the Offer Price had not truly reflected the net cash position of the Company, as Microlink's net cash position as at FYE 2012 of 13.7 sen per Share represents 22.8% of the Offer Price. Thus, excluding the Company's net cash, the Offer Price would only value the Company at 8.4 times P/E, which is on the lower range of the P/E of the Comparable Companies.

Additionally, we are also of the view the P/BV is not an appropriate relative valuation benchmark for Microlink, as we note that 70.2% of the Company's assets are in the form of receivables as well as cash and equivalents. Therefore, for asset-light companies such as Microlink, earnings based valuations represents the most suitable relative market valuation analysis.

(ii) Fair Value of Microlink Shares

The summary of the fair value of Microlink Shares is as follows:

Valuation Methodology	Fair Value (RM '000)	Fair Value per Share (RM '000)	Premium/(Discount) of Offer Price over Fair Value	
			RM	%
EV/EBITDA	104,082 to	0.78	(0.18)	-23.0
	120,768	0.90	(0.30)	-33.6

The Offer Price represents a discount of between 23.0% and 33.6% to the EV/EBITDA based fair value per Share of between RM0.78 and RM0.90.

As a counter-check of the EV/EBITDA based fair value, the P/E based valuation of Microlink Shares was derived between RM0.74 to RM1.07 per Share.

The EV/EBITDA was elected as the most appropriate valuation multiple due to Microlink's net cash position of 13.7 sen per Share, or 22.8% of the Offer Price, as the EV/EBITDA valuation multiple is capital structure neutral, and, therefore, will not be affected by changes and dissimilarities in capital structure whilst comparing to the Comparable Companies with varying market capitalisation.

Furthermore, the Offer Price had not truly reflected the strong net cash position of the Company of 13.7 sen per Share, which represents 22.8% of the Offer Price and thus, undervalues the Company.

EXECUTIVE SUMMARY

(iii) Historical Share Price Analysis

The Offer Price represents a minimal premium ranging from RM0.02 (2.9%) to RM0.169 (13.0%) per Microlink Share over the five (5) day up to the six (6) months VWAPs, up to the Last Trading Day before the Offer. The Offer Price is also only at par to the last traded market price of Microlink Share of RM0.60 as at the Last Trading Day before the Offer.

Nonetheless, the premium of the Offer Price over the VWAP of one (1) year of 40.2% may present an opportunity for long-term investors of Microlink Shares to realise investments in Microlink Shares at large premium, especially if they intend to dispose large number of shares at the Offer Price. We note that this was due to Microlink Shares had been trading below the Swap Price of RM0.22, save for the period of 28 September 2012 to 5 October 2012, prior to the termination of the HOA, and we believe the HOA had limited the buying interest in Microlink Shares above the Swap Price of RM0.22 per Share.

Notwithstanding the above, Holders are reminded that the market prices of Microlink Shares represent trading prices of the Shares on the Ace Market of Bursa Securities, and are affected by various factors, including but not limited to, the liquidity of Microlink Shares, the Company's public shareholding spread as well as the market trading sentiments, and are not the fair value of Microlink Shares.

4.2 Assessment of Reasonableness of the Offer

In accordance to Practice Note 15 Section 3.5 of the Code, in arriving at its reasonableness evaluation of the Offer, the Independent Adviser should examine other significant factors to which the Holders may give consideration prior to accepting/rejecting the Offer. This includes comparing the merits and demerits of the Offer, as well as but not limited to, the position of the Holders in the eventuality the Offer does not proceed.

In making the above consideration, KIBB's assessment of the reasonableness of the Offer is set out in **Sections 5.5 to 8 of Part B of this IAC**. In arriving at its recommendation for the Offer, KIBB has taken into consideration and evaluated the following key factors:

(i) Historical Performance of the Microlink Group

The Microlink Group had outperformed the historical financial performance of the Comparable Companies based on the ROE and CAGR analysis, and based on its current secured turnkey projects of RM45.0 million and potential project order book, Microlink is expected to continue its earnings growth momentum over the next two (2) years.

Based on the foregoing and based on the assumption that the increasing financial performance trend of the Company vis-à-vis the Comparable Companies is expected to continue, the future price Microlink Shares could potentially reflect its strong financial fundamentals. Thus, in by rejecting the Offer, the Holders may continue to participate on the future growth potential of the Company.

EXECUTIVE SUMMARY

(ii) Precedent Take-Over Analysis

The summary of the precedent take-over analysis is set out below:

	Five (5) days VWAP Premium / (Discount) (%)	One (1) month VWAP Premium / (Discount) (%)	Three (3) months VWAP Premium / (Discount) (%)	Six (6) months VWAP Premium / (Discount) (%)	One (1) year VWAP Premium / (Discount) (%)
Recent Take- Over Offers High	49.4	48.4	54.4	78.8	89.2
Recent Take- Over Offers Average	20.4	25.2	27.2	32.9	37.5
Recent Take- Over Offers Low	2.5	2.5	0.8	2.5	-1.6
The Offer	2.9	2.9	8.9	13.0	40.2

The premiums presented by the Offer Price were significantly below the averages of the premiums offered by the Recent Take-Over Offers based on the five (5) day, one (1) month, three (3) months and six (6) months VWAPs, respectively.

Therefore, based on the foregoing analysis of the Offer Price vis-à-vis the Recent Take-Over Offers, the Offer Price's premiums over the said period are low and not reasonable.

However, the premium of the Offer Price based on the one (1) year VWAP of 40.2% is higher than the average of the Recent Take-Over Offers of 37.5%, and may present an opportunity for long-term investors of Microlink Shares to realise investments in Microlink Shares at a reasonable premium.

(iii) Liquidity Analysis

Microlink Shares are relatively liquid vis-à-vis the Comparable Companies. However, we noted that its trading volumes were largely driven by the Offeror's open market purchases. Therefore, no assurance can be made that the liquidity of the Microlink Shares will be maintained after the Closing Date, and thus, the Offer may represent Holders with the opportunity to dispose off their Shares on a wholesale basis immediately at the Offer Price.

(iv) Dividend Track Record

The Company's three (3) year average net dividend yield of 8.7% is higher than the average net dividend yield of the Comparable Companies of 3.2% and the 10 year MGS yield of 3.7%. Thus, Holders are yielding a return on investment from dividends which are above the dividend returns of similar companies and the risk-free rate.

Therefore, in the event the Holders reject the Offer and continue to hold Microlink Shares, they may have the opportunity to be entitled to future dividend payouts.

(v) Prospects of the Microlink Group

The favourable factors for the Malaysia's Islamic banking and financial industry, of which are key target sectors of the Microlink Group, remain optimistic. Several turnkey projects secured in FYE 2012 will continue in 2013, and moreover, the Group plans to convert some opportunities from its healthy sales pipeline to new orders.

With current secured turnkey projects and potential pipeline of projects, the prospects of the Microlink Group would remain positive over the next two (2) years. Additionally, CAIT has been in operations for about a year and is expected to contribute positively after its gestation period.

Therefore by rejecting the Offer, the Holders may continue to participate on the future growth potential of the Company.

EXECUTIVE SUMMARY

(vi) Other Considerations

In the event the Offer becomes unconditional and the Offeror and its PAC hold more than 50% interest in Microlink, the uncertainty of the future plans for the Company by the Offeror represents an unreasonable risk associated with the entry of a new controlling shareholder in the Company as well as the immediate success of the implementation of the integration process of the enlarged group through possible changes in business direction and key management of the Microlink Group. Therefore, in making reference to the Company's prospects under the current management of Microlink, the said prospects may be at risk as a result of possible changes in business direction and key management of the Microlink Group.

5. CONCLUSION AND RECOMMENDATION

5.1 Recommendation by KIBB

Our evaluation of Microlink Shares indicates that the Offer Price represents a discount of between 23.0% and 33.6% to the EV/EBITDA based fair value per Microlink Share. We are also of the view that the Offer Price has not fully valued the Company for strong net cash position of 13.7 sen per Share, which represents 22.8% of the Offer Price.

Additionally, we opine that as the historical financial performance of the Microlink Group had outperformed the Comparable Companies and the earnings prospects of the Company remain visible and healthy, therefore the Offer should be based on valuations which are on the higher range of the valuations of the Comparable Companies.

Furthermore, the Offer Price is also at a minimal premium to its historical VWAPs, save for the VWAP over one (1) year up to the Last Trading Day before the Offer.

For the evaluations as analysed above, we are of the opinion that the Offer Price is **NOT FAIR**.

Moreover, we view the Offer Price as **NOT REASONABLE**, as the demerits of the Offer outweigh the merits of the Offer, as summarised below:

Demerits of the Offer

Merits of the Offer

- | | |
|---|--|
| <ul style="list-style-type: none">• By rejecting the Offer, the visible healthy earnings growth of the Company allows Holders to participate in the future growth of the Company and may have the opportunity to be entitled to future dividend payouts• The Offer Price is significantly below the average of the Recent Take-Over Offers | <ul style="list-style-type: none">• Opportunity for Holders to dispose off their Shares on a wholesale basis immediately at the Offer Price• For long-term Holders, the Offer Price represents a reasonable premium |
|---|--|

BASED ON THE FOREGOING EVALUATIONS OF THE OFFER, KIBB RECOMMENDS THAT THE HOLDERS REJECT THE OFFER FOR THE OFFER SHARES.

EXECUTIVE SUMMARY

5.2 Recommendation by the Non-Interested Directors

Save for Monteiro Gerard Clair, all of Microlink's Directors are deemed to be non-interested in the Offer, and have herein provided their colluded recommendation.

After careful examination of the terms and conditions of the Offer as contained in the Offer Document and taking into consideration the evaluation and recommendation by KIBB, the Non-Interested Directors have concurred with the evaluation and recommendation of KIBB that the Offer is **NOT FAIR** and **NOT REASONABLE**, particularly given that the Offer undervalues the Company and the Offer Price represents premiums which are below the average premiums offered by the Recent Take-Over Offers, and therefore, recommends the Holders to **REJECT** the Offer.

The Non-Interested Directors and KIBB have not taken into consideration any specific individual investment objectives, risk profile, financial and tax situation and particular needs of any individual or any specific group of Holder(s). The Non-Interested Directors recommends that the Holders who require advice in relation to the Offer in the context of his or its individual requirements should consult his or its respective professional advisers immediately.

6. TENTATIVE TIMETABLE

Notice of the Offer	7 May 2013
Date of despatch of the Offer Document	28 May 2013
Issuance of this IAC	7 June 2013
First Closing Date ⁽¹⁾	19 June 2013

Note:

- (1) *The Offer will open for acceptances until 5.00 p.m. (Malaysian time) on the First Closing Date unless extended or revised in accordance with the Code or as the Offeror may decide and as announced by RHB Investment Bank, on behalf of the Offeror, at least two (2) days before the First Closing Date. Notices of such extension will be posted to the Holders accordingly.*

YOU ARE ADVISED TO READ THE OFFER DOCUMENT AND THIS IAC THOROUGHLY FOR MORE INFORMATION AND NOT RELY SOLELY ON THIS EXECUTIVE SUMMARY BEFORE FORMING AN OPINION ON THE OFFER.

YOU ARE FURTHER ADVISED TO CONSIDER CAREFULLY THE INFORMATION CONTAINED IN THE OFFER DOCUMENT AND THIS IAC BEFORE MAKING A DECISION ON THE COURSE OF ACTION TO BE TAKEN.

PART A

LETTER FROM THE MICROLINK BOARD



MICROLINK SOLUTIONS BERHAD

(Company No. 620782-P)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Address:

Level 8, Symphony House, Block D 13
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

7 June 2013

Board of Directors:

Datuk Ali Bin Abdul Kadir (*Chairman, Independent Non-Executive Director*)
Datuk Zainun Aishah Binti Ahmad (*Independent Non-Executive Director*)
Chok Kwee Bee (*Independent Non-Executive Director*)
Phong Hon Voon (*Non-Independent Non-Executive Director*)
Yong Kar Seng Peter (*Chief Executive Officer, Executive Director*)
David Hii Chin Yun (*Non-Independent Non-Executive Director*)
Monteiro Gerard Clair (*Non-Independent Non-Executive Director*)

To: The Holders

Dear Sir/Madam,

**CONDITIONAL TAKE-OVER OFFER BY THE OFFEROR THROUGH RHB INVESTMENT BANK
TO:**

- (I) ACQUIRE ALL THE REMAINING MICROLINK SHARES NOT ALREADY OWNED BY FHB;
AND**
- (II) ALL NEW MICROLINK SHARES THAT MAY BE ALLOTTED AND ISSUED UP TO THE
CLOSE OF THE OFFER PURSUANT TO THE EXERCISE OF ANY OUTSTANDING
OPTIONS GRANTED UNDER MICROLINK'S EXISTING ESOS**

FOR A CASH CONSIDERATION OF RM0.60 FOR EVERY ONE (1) MICROLINK SHARE

1. INTRODUCTION AND BACKGROUND OF THE OFFER

The Board had, on 7 May 2013 announced to Bursa Securities the receipt of the Notice from RHB Investment Bank on behalf of the Offeror, to notify Bursa Securities of the Offeror's intention to acquire the Offer Shares at the Offer Price.

As at the Offer Document LPD, the Offeror and the PAC, collectively hold 39,044,600 Microlink Shares, representing approximately 29.22% of the issued and paid-up share capital of Microlink.

As at the LPD, the Offeror and the PAC, collectively hold 39,044,600 Microlink Shares, representing approximately 29.22% of the issued and paid-up share capital of Microlink.

As at the Offer Document LPD, the Offer Shares comprise all the remaining 94,601,020 Microlink Shares, which represents approximately 70.78% of the issued and paid-up share capital of Microlink, and all the new Microlink Shares that may be allotted and issued up to the close of the Offer pursuant to the exercise of the ESOS Options.

In accordance with Section 11(10) of the Code, the Board had announced the receipt of the Notice to Bursa Securities on the day of the said Notice. A copy of the Notice had been sent to the Holders on 13 May 2013.

On 16 May 2013, the Board announced that they did not intend to seek an alternative person to make a take-over offer for the Offer Shares.

In accordance with Section 15(1) of the Code, the Board had on 21 May 2013 appointed KIBB as the Independent Adviser to advise the Non-Interested Directors and the Holders on the fairness and reasonableness of the Offer.

KIBB had subsequently on 22 May 2013 declared to the SC its independence and eligibility to act as the Independent Adviser in relation to the Offer.

The Offer Document together with the Form of Acceptance and Transfer were posted to the Holders on 28 May 2013.

The purpose of this IAC is to highlight the relevant information relating to the Offer and to provide you with the Non-Interested Directors' views and recommendations on the Offer together with the recommendations of KIBB. The Holders are advised to read both this IAC together with the Offer Document and consider carefully the recommendations contained herein before taking any action.

2. SALIENT TERMS OF THE OFFER

The salient terms of the Offer are set out in Section 2 of Part B of the IAC. Please refer to Appendix II and III of the Offer Document for the full terms and conditions of the Offer and the procedures for acceptance and method of settlement of the Offer.

3. NON-INTERESTED DIRECTORS' COMMENTS

3.1 Rationale for the Offer

The Non-Interested Directors take cognisance and have considered the rationale of the Offer by the Offerors as set out in the Offer Document.

As set out in Section 3 of the Offer Document, in the opinion of the Offeror, the FRB Group and the Microlink Group are currently operating in the same core business, being the distribution of ICT related products and system integration. In this respect, the Non-Interested Directors note that the Offer is undertaken with the intention to increase the equity interest of the Offeror in Microlink which would enable the FRB Group:

- (a) to gain access to the intellectual property rights to Microlink Group's proprietary software which include, amongst others, Microlink's Syariah-compliant Islamic core-banking software;
- (b) to expand FRB Group's product range under its software distribution segment to include software and solutions of CA Technologies Inc, of which CA IT Infrastructure Solutions Sdn Bhd, a wholly-owned subsidiary of Microlink was appointed on 5 March 2012 as the primary distributor of licenses to software of CA Technologies Inc. in Malaysia;
- (c) to consolidate the operations of both the FRB Group and the Microlink Group resulting in greater economies of scale and size in terms of productivity and efficiency gains from the enlarged FRB Group to achieve a higher level of optimisation of resources which would allow the enlarged FRB Group to stay competitive in the fast changing landscape of the ICT services;

- (d) to leverage on Microlink Group's capabilities, expertise, and in-depth knowledge of the financial services industry; and
- (e) to cross-sell to a wider clientele base, achieving a larger distribution network and a wider range of solution offerings.

Holders should also note that there is no assurance of the immediate success of the integration of Microlink into the FRB Group, and the Non-Interested Directors are of the view that such success depends on the future plans for the Microlink Group and the retention of key employees of the Microlink Group by the Offeror.

3.2 Listing status of Microlink

On 17 April 2013, Microlink announced that its public shareholding spread based on the Register of Depositors of Microlink as at 28 February 2013 was approximately 22.50%, which is not in compliance with Rule 8.02(1) of the Listing Requirements. The public shareholding spread of Microlink may be reduced further in tandem with the quantum of acceptances received by FHB and its PAC from the public shareholders of Microlink pursuant to the Offer.

As at the Offer Document LPD, no arrangements to rectify the Non-Compliance with Public Shareholding Spread have been made. As at the Offer Document LPD, the public shareholding spread of Microlink is 21.57%.

As set out in Section 5 of the Offer Document, it is the intention of the Offeror to maintain the listing status of Microlink subsequent to the Offer. In the event the 50% Acceptance Condition is achieved, the Offeror will not procure Microlink to take the necessary procedures to withdraw its listing status from the Official List of Bursa Securities in accordance with the Listing Requirements. The board of directors of FRB will endeavour to place out a sufficient number of Microlink Shares or procure Microlink to carry out a subsequent corporate exercise in order to rectify the non-compliance with the public shareholding spread within three (3) months from the Closing Date. Under such circumstances, Microlink will continue to be traded on the ACE Market of Bursa Securities.

Notwithstanding the above, in the event that the Offeror and its PAC are unable to rectify the Non-Compliance with Public Shareholding Spread, Bursa Securities may at its discretion suspend the trading of Microlink Shares from the Official List.

Based on the foregoing, in the event the Offer becomes unconditional, the Non-Interested Directors are of the view that there are no assurances of the listing status of the Company and the Company may be suspended from trading pursuant to the Non-Compliance with the Public Shareholding Spread requirement.

3.3 The Offeror's future plans for the Microlink Group and its employees

The Non-Interested Directors have considered the intentions of the Offeror with respect to the businesses and employees of Microlink within the next twelve (12) months after the Closing Date, as set out in Section 7 of the Offer Document.

Based on the foregoing, the Non-Interested Directors take note of the following:

(a) Continuation of Microlink Group's business

The Offeror intends to continue with the Microlink Group's existing businesses and operations and the Offeror may review the corporate structure and businesses of the Microlink Group from time to time and may introduce or effect change to the structure of the Microlink Group. The Offeror has no intention to liquidate Microlink.

(b) Major Changes to Microlink Group's business

The Offeror does not have any plan or intention to make any major change to the structure of the Microlink Group and/or sell the major assets or re-deploy the fixed assets of the Microlink Group except where such change, disposal and/or redeployment is necessary to rationalise the business activities of the Microlink Group or to improve the utilisation of the Microlink Group's resources.

(c) Employees of Microlink Group

The Offeror intends to maintain the current employees and would not make redundant the employees of the Microlink Group as a direct consequence of the Offer, and would continue with the human resource policies for the daily operational and administrative requirements of the Microlink Group. Nevertheless, there will be continuous constructive measures to improve the efficiency of operations and optimise staff productivity of the Microlink Group. In any event, any such action taken will be dealt with in accordance with the relevant legislation and terms of employment of the affected staff, if any.

Reiterating the above, in the event the Offer becomes unconditional, the Microlink Group shall become a subsidiary of FHB, and as the largest controlling shareholder of Microlink, FHB may:

- i. review and introduce changes to the corporate structure and businesses of the Microlink Group; and
- ii. change, dispose and/or redeploy the fixed assets of the Microlink Group where necessary to rationalise the business activities of the Group.

Subsequently, in the event the Offer becomes unconditional, it is not made clear of FHB's intention on the retention of the directors and key management of Microlink. Based on the foregoing, the Non-Interested Directors are uncertain of the future structure, business direction and retention of the key management upon FHB assuming controlling interest in Microlink.

4. DETAILS OF ACCEPTANCE

As at the Offer Document LPD, to the best knowledge of the Board, the Offeror have not received any irrevocable undertakings from any Holder to accept the Offer.

As at the LPD, no announcement on the level of valid acceptance of the Offer has been made by RHB Investment Bank on behalf of the Offeror.

5. INDEPENDENT ADVISER'S LETTER

The Holders are advised to read and consider the views and recommendation of KIBB, the Independent Adviser appointed to advise the Board and the Holders. The letter from the Independent Adviser is included in Part B of this IAC.

6. DISCLOSURE OF DIRECTORS' INTEREST

The Directors and their respective shareholdings in Microlink as at the LPD are as follows:

Name	Direct		Indirect	
	No. of Microlink Shares	%	No. of Microlink Shares	%
Datuk Ali Bin Abdul Kadir	8,450,000	6.32	205,000 ¹	0.15
Datuk Zainun Aishah Binti Ahmad	400,000	0.30	-	-
Chok Kwee Bee	336,500	0.25	-	-
Phong Hon Voon	14,168,682	10.60	-	-
Yong Kar Seng Peter	19,498,170	14.59	555,000 ²	0.42
David Hii Chin Yun	12,677,367	9.49	-	-
Monteiro Gerard Clair	-	-	39,044,600 ³	29.22

Notes:-

- 1 Deemed interest by virtue of interest in Rio Capital Sdn. Bhd. pursuant to Section 6A(4) of the Act.
- 2 Deemed interest by virtue of spouse's interest pursuant to Section 6A(4) of the Act.
- 3 Deemed interest by virtue of his substantial interest in Red Zone Development Sdn. Bhd., which in turn owned 19.84% equity interest in FRB, the holding company of the Offeror, as at the Offer Document LPD, pursuant to Section 6A of the Act.

Monteiro Gerard Clair, the Non-Independent Non-Executive Director of the Company, is also currently the Executive Director of the PAC, and thus, has abstained from making recommendations on the Offer.

The Directors' dealings in Microlink Shares during the six (6) months period prior to the commencement of the Offer Period up to the LPD are as follows:

I. Datuk Ali Bin Abdul Kadir

Date	No. of Shares	Remarks
08.03.2013	1,000,000	Allotment of shares under ESOS
20.03.2013	1,000,000	Purchase of shares via Direct Business Transaction

II. Datuk Zainun Aishah Binti Ahmad

Date	No. of Shares	Remarks
08.03.2013	1,350,000	Allotment of shares under ESOS
20.03.2013	1,000,000	Disposal of shares via Direct Business Transaction

III. Chok Kwee Bee

Date	No. of Shares	Remarks
08.04.2013	99,000	Allotment of shares under ESOS

IV. David Hii Chin Yun

Date	No. of Shares	Remarks
08.03.2013	187,500	Allotment of shares under ESOS
08.04.2013	108,100	Allotment of shares under ESOS

V. Phong Hon Voon

Date	No. of Shares	Remarks
08.03.2013	187,500	Allotment of shares under ESOS
08.04.2013	108,100	Allotment of shares under ESOS

VI. Yong Kar Seng Peter

Date	No. of Shares	Remarks
08.03.2013	252,500	Allotment of shares under ESOS
08.04.2013	99,000	Allotment of shares under ESOS

VII. Monteiro Gerard Clair

Date	No. of Shares	Remarks
13.12.2012	80,000	<ul style="list-style-type: none"> Indirect dealings as the shares are registered under: <ul style="list-style-type: none"> (a) M&A Nominees (Tempatan) Sdn Bhd; and (b) Insas Credit & Leasing Sdn Bhd, for FHB. Deemed interested by virtue of his substantial shareholding in Red Zone Development Sdn Bhd, which in turn owned 19.84% equity interest in FRB, the holding company of FHB, as at the Offer Document LPD, pursuant to Section 6A of the Act.
14.12.2012	111,500	
17.12.2012	111,600	
18.12.2012	85,400	
19.12.2012	201,100	
20.12.2012	62,800	
21.12.2012	179,800	
24.12.2012	26,500	
26.12.2012	50,000	
28.12.2012	58,000	
31.12.2012	50,000	
02.01.2013	10,000	
03.01.2013	50,000	
04.01.2013	90,000	
07.01.2013	50,000	
08.01.2013	50,000	
10.01.2013	118,000	
11.01.2013	77,100	
14.01.2013	57,500	
15.01.2013	97,000	
16.01.2013	118,100	
17.01.2013	310,300	
18.01.2013	679,700	
22.01.2013	60,000	
23.01.2013	359,100	
25.01.2013	846,000	
29.01.2013	450,000	

Date	No. of Shares	Remarks
30.01.2013	700,000	
31.01.2013	631,000	
04.02.2013	1,264,000	
05.02.2013	962,000	
06.02.2013	790,000	
07.02.2013	100,000	
08.02.2013	113,500	
18.02.2013	300,000	• Indirect dealings as the shares are registered under FHB.
19.02.2013	130,000	• Deemed interested by virtue of his substantial shareholding in Red Zone Development Sdn Bhd, which in turn owned 19.84% equity interest in FRB, the holding company of FHB, as at the Offer Document LPD, pursuant to Section 6A of the Act.
20.02.2013	632,300	
21.02.2013	497,700	
18.03.2013	23,000	
22.02.2013	1,060,000	• JF Apex Nominees (Tempatan Sdn Bhd) pledged securities account for FHB
25.02.2013	140,000	
26.02.2013	279,500	• Deemed interested by virtue of his substantial shareholding in Red Zone Development Sdn Bhd, which in turn owned 19.84% equity interest in FRB, the holding company of FHB, as at the Offer Document LPD, pursuant to Section 6A of the Act.
28.02.2013	31,000	
01.03.2013	200,000	
04.03.2013	2,000	
05.03.2013	200,000	

As at the LPD, the outstanding ESOS Options which was granted to the Directors are as follows:

Name	No. of ESOS Options
Datuk Ali Bin Abdul Kadir	350,000
Datuk Zainun Aishah Binti Ahmad	350,000
Chok Kwee Bee	187,500
Phong Hon Voon	187,500
Yong Kar Seng Peter	252,500
David Hii Chin Yun	187,500
Monteiro Gerard Clair	-

All of the Non-Interested Directors have declared their intention to **REJECT** the Offer in respect of their Offer Shares.

Nonetheless, as highlighted in Section 3 of this letter, in the event of the Offer becomes unconditional, FHB would have the rights to nominate persons to be appointed as new Directors for Microlink and effect any changes to the structure and business direction of Microlink. The Non-Interested Directors are of the view that they have not been made clear of the Offeror's intention on the future structure, business direction and retention of the Board and key management upon FHB assuming controlling interest in Microlink.

Therefore, in the event the Offer becomes unconditional, due to the uncertainties as ascribed above in addition to the possibility of the trading suspension of Microlink Shares, the Non-Interested Directors would reassess their decision in respect of their Offer Shares and ESOS Options, and may accept the Offer, as elaborated further in Section 9 herein.

7. DIRECTORS' RESPONSIBILITY STATEMENT

This IAC has been seen and approved by the Board and they collectively and individually accept full responsibility for the accuracy of the information contained herein relating to the Microlink Group (save for the IAL prepared by KIBB set out in Part B of this IAC, which will be the responsibility of and be confirmed by KIBB) and confirm the following after making reasonable enquiries and to the best of their knowledge and belief:-

- (i) no statement and/or information relating to the Microlink Group in this IAC is incomplete, false and/or misleading; and
- (ii) all material facts and/or information in relation to the Offer, including those required under the Code, have been disclosed in this IAC.

The responsibility of the Board in respect of the information relating to the Offeror, the PAC and the Offer extracted from the Offer Document is limited to ensuring that such information is accurately reproduced in this IAC.

8. ESOS

The Option Holders are advised to make reference to the exercise price of their respective ESOS Options in view of the Offer.

Pursuant to by-law 11.1(i) of the by-laws for the ESOS of Microlink ("**ESOS By-laws**"), in the event of the Offer becoming or being declared unconditional, notwithstanding the requirements under by-law 9 (Exercise of Options) of the ESOS By-laws, the Option Holders shall be entitled to exercise in full or in part any unexercised Option granted to the Option Holders (including Options which have been granted but have not been vested on the date the Offer becomes unconditional), within such period to be determined by the committee to be appointed by the Board to administer the ESOS scheme ("**Option Committee**"). In the event the Option Holders fail to exercise their Options or elects to exercise only part of their Options, then any Option to the extent unexercised by the expiry of the period determined by the Option Committee shall automatically lapse and be null and void.

The Option Holders must validly exercise their ESOS Options in accordance with the ESOS By-laws for the ESOS and be allotted and issued new Shares before the First Closing Date, or any other extension thereafter. In this respect, only Option Holders who have been allotted and issued new Shares pursuant to such exercise before the close of the Offer shall be entitled to accept the Offer.

The details of the outstanding ESOS Options as at the LPD are as follows:

Granted in	Exercisable from	Exercise price	Outstanding ESOS Options	Vested	To be Vested
April 2006	27 April 2007	49 sen	859,100	859,100	-
April 2007	27 April 2008	46 sen	106,480	106,480	-
August 2011	26 August 2012	13 sen	3,944,100	180,500	3,763,600 ^{1,2}
		Total	4,909,680	1,146,080	3,763,600

Notes:-

1 1,879,900 ESOS Options to be vested on 26 August 2013.

2 1,883,700 ESOS Options to be vested on 26 August 2014.

9. NON-INTERESTED DIRECTORS' RECOMMENDATION

The Holders should consider carefully the various aspects of the Offer based on pertinent factors such as rationale of the Offer, the future plans of the Offeror for the Microlink Group, the listing status of Microlink, the future prospects of the Microlink Group, the financial evaluation of the Offer and any other relevant considerations including those set out in this IAC and the Offer Document.

Save for Monteiro Gerard Clair, all of Microlink's Directors are deemed to be non-interested in the Offer, and have herein provided their colluded recommendation.

In arriving at the recommendation, the Non-Interested Directors wish to reiterate certain pertinent matters that have been emphasised by KIBB in arriving at their recommendation:

Fairness of the Offer

(i) Market Valuation Analysis

Offer Price represents an Offer P/E and EV/EBITDA of 10.9 times and 6.1 times, respectively, which is below its one (1) year traded market valuations of 16.2 times (P/E) and 15.1 times (EV/EBITDA). Therefore, in accepting the Offer, the Accepting Holders are effectively realising their investment in Microlink at a discount over its one (1) year market valuations.

Although the historical financial performance of the Microlink Group had outperformed the Comparable Companies', the Offer P/E and Offer EV/EBITDA are based on valuations which are lower than the average one (1) year market valuations of the Comparable Companies of over of 11.9 times (P/E) and 6.5 times (EV/EBITDA).

Moreover, the Offer Price had not truly reflected the net cash position of the Company, as Microlink's net cash position as at FYE 2012 of 13.7 sen per Share, represents 22.8% of the Offer Price.

(ii) Fair Value of Microlink Shares

The Offer Price represents a discount of between 23.0% and 33.6% to the EV/EBITDA based fair value per Share of between RM0.78 and RM0.90.

Furthermore, the Offer Price had not truly reflected the net cash position of the Company as at FYE 2012 of 13.7 sen per Share, or representing 22.8% of the Offer Price, and thus, undervalues the Company.

(iii) Historical Share Price Analysis

The Offer Price represents a minimal premium ranging from RM0.02 (2.9%) to RM0.169 (13.0%) per Microlink Share over the five (5) day up to the six (6) months VWAPs, up to the Last Trading Day before the Offer. The Offer Price is also only at par to the last traded market price of Microlink Share of RM0.60 as at the Last Trading Day before the Offer.

Nonetheless, the premium of the Offer Price over the VWAP of one (1) year of 40.2% may present an opportunity for long-term investors of Microlink Shares to realise investments in Microlink Shares at large premium, especially if they intend to dispose large number of shares at the Offer Price. We note that this was due to Microlink Shares had been trading below the Swap Price of RM0.22, save for the period of 28 September 2012 to 5 October 2012, prior to the termination of the HOA, and it is KIBB's opinion that the HOA had limited the buying interest in Microlink Shares above the Swap Price of RM0.22 per Share.

Reasonableness of the Offer

(i) Historical Performance of the Microlink Group

The Microlink Group had outperformed the historical financial performance of the Comparable Companies based on the ROE and CAGR analysis, and based on current secured turnkey projects of RM45.0 million and potential project order book, Microlink is expected to continue its earnings growth momentum over the next two (2) years.

(ii) Precedent Take-Over Analysis

The Offer Price represents a premium which is below the average premiums offered by the Recent Take-Over Offers.

However, the premium of the Offer Price based on the one (1) year VWAP of 40.2% is higher than the average of the Recent Take-Over Offers of 37.5%, and may present an opportunity for long-term investors of Microlink Shares to realise investments in Microlink Shares at a reasonable premium.

(iii) Liquidity Analysis

Microlink Shares are relatively liquid vis-à-vis the Comparable Companies. However we note its trading volumes were largely driven by the Offeror's open market purchases. Therefore, no assurance can be made that the liquidity of the Microlink Shares will be maintained after the Closing Date, and thus, the Offer may represent Holders with the opportunity to dispose off their Shares on a wholesale basis immediately at the Offer Price.

(iv) Dividend Track Record

The Company's three (3) year average net dividend yield of 8.7% is higher than the average net dividend yield of the Comparable Companies of 3.2% and the 10 year MGS yield of 3.7%, and thus, Holders are yielding a return on investment from dividends which are above the dividend returns of similar companies and the risk-free rate. The Final Dividend was paid to the shareholders of Microlink on 20 May 2013.

(v) Prospects of the Microlink Group

The favourable factor for the Malaysia's Islamic banking and financial industry, of which are key target sectors of the Microlink Group, should remain optimistic. Several turnkey projects secured in FYE 2012 will continue in 2013, and moreover, the Group plans to convert some opportunities from its healthy sales pipeline to new orders.

With current secured turnkey projects and potential pipeline of projects, we are of the view that prospects of the Microlink Group would remain positive and visible over the next two (2) years. Additionally, CAIT has been in operations for about a year and is expected to contribute positively after its gestation period.

After careful examination of the terms and conditions of the Offer as contained in the Offer Document and taking into consideration the evaluation and recommendation by KIBB as contained in Part B of this IAC, as well as the above factors, the Non-Interested Directors have concurred with the evaluation and recommendation of KIBB that the Offer is **NOT FAIR** and **NOT REASONABLE**, particularly given that the Offer undervalues the Company and the Offer Price represents premiums which are below the average premiums offered by the Recent Take-Over Offers, and therefore, recommends the Holders to **REJECT** the Offer.

Notwithstanding the above, in the event of the Offer becomes unconditional and the Offeror emerges as a new controlling shareholder of Microlink, the Non-Interested Directors are of the collective view that the Microlink Group as a going-on concern with its current business structure and key management profiles, may subsequently be affected upon the review of the corporate structure and businesses of the Microlink Group as well as possible appointments of new directors and key management by the Offeror.

In addition to the above, in the event the Offer becomes unconditional and the Offeror and its PAC are unable to rectify the Non-Compliance with Public Shareholding Spread requirement, Bursa Securities may at its discretion suspend the trading of Microlink Shares from the Official List of Bursa Securities.

As such, upon the Offer becomes unconditional, the Non-Interested Directors may accept the Offer and therefore advice the Dissenting Holders to re-evaluate their decision, particularly providing attention to their expectations on the future prospects of the Microlink Group upon becoming a subsidiary of the FRB Group.

HOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION CONTAINED IN THIS IAC TOGETHER WITH THE OFFER DOCUMENT AS WELL AS THE RECOMMENDATION FROM THE INDEPENDENT ADVISER BEFORE MAKING A DECISION AS TO THE COURSE OF ACTION TO BE TAKEN.

PLEASE NOTE THAT THE NON-INTERESTED DIRECTORS HAVE NOT TAKEN INTO CONSIDERATION ANY SPECIFIC INVESTMENT OBJECTIVE, FINANCIAL AND TAX SITUATION, RISK PROFILE AND PARTICULAR NEEDS OF ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS. ACCORDINGLY, THE NON-INTERESTED DIRECTORS RECOMMEND THAT ANY INDIVIDUAL HOLDER OR ANY SPECIFIC GROUP OF HOLDERS WHO REQUIRE ADVICE IN RELATION TO THE OFFER IN THE CONTEXT OF THEIR INDIVIDUAL INVESTMENT OBJECTIVES, RISK PROFILES, FINANCIAL AND TAX SITUATION OR PARTICULAR NEEDS, SHOULD CONSULT THEIR RESPECTIVE STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR, BANKER OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

Yours faithfully,

For and on behalf of the Board of

MICROLINK SOLUTIONS BERHAD

DATUK ALI BIN ABDUL KADIR

Chairman/Independent Non-Executive

PART B

INDEPENDENT ADVICE LETTER FROM KIBB



KENANGA

KENANGA INVESTMENT BANK BERHAD
Company No. 15678-H

8th Floor, Kenanga International
Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

Tel (60) 3 2164 9080, 2162 1490
Fax (60) 3 2161 4990, 2163 5927
Email kenanga@kenanga.com.my
www.kenanga.com.my

A Participating Organisation of
Bursa Malaysia Securities Berhad

7 June 2013

To: **The Holders**

Dear Sir/Madam,

CONDITIONAL TAKE-OVER OFFER BY THE OFFEROR THROUGH RHB INVESTMENT BANK TO:

- (I) ACQUIRE ALL THE REMAINING MICROLINK SHARES NOT ALREADY OWNED BY FHB; AND**
- (II) ALL NEW MICROLINK SHARES THAT MAY BE ALLOTTED AND ISSUED UP TO THE CLOSE OF THE OFFER PURSUANT TO THE EXERCISE OF ANY OUTSTANDING OPTIONS GRANTED UNDER MICROLINK'S EXISTING ESOS**

FOR A CASH CONSIDERATION OF RM0.60 FOR EVERY ONE (1) MICROLINK SHARE

1. INTRODUCTION AND BACKGROUND OF THE OFFER

The Board had, on 7 May 2013 announced to Bursa Securities the receipt of the Notice from RHB Investment Bank on behalf of the Offeror, to notify Bursa Securities of the Offeror's intention to acquire the Offer Shares at the Offer Price.

As at the Offer Document LPD, the Offeror and the PAC, collectively hold 39,044,600 Microlink Shares, representing approximately 29.22% of the issued and paid-up share capital of Microlink.

As at the LPD, the Offeror and the PAC, collectively hold 39,044,600 Microlink Shares, representing approximately 29.22% of the issued and paid-up share capital of Microlink.

As at the Offer Document LPD, the Offer Shares comprise all the remaining 94,601,020 Microlink Shares, which represents approximately 70.78% of the issued and paid-up share capital of Microlink, and all the new Microlink Shares that may be allotted and issued up to the close of the Offer pursuant to the exercise of the ESOS Options.

In accordance with Section 11(10) of the Code, the Board had announced the receipt of the Notice to Bursa Securities on the day of the said Notice. A copy of the Notice had been sent to the Holders on 13 May 2013.

On 16 May 2013, the Board announced that they did not intend to seek an alternative person to make a take-over offer for the Offer Shares.

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In accordance with Section 15(1) of the Code, the Board had on 21 May 2013 appointed KIBB as the Independent Adviser to advise the Non-Interested Directors and the Holders on the fairness and reasonableness of the Offer.

KIBB had subsequently on 22 May 2013 declared to the SC its independence and eligibility to act as the Independent Adviser in relation to the Offer.

The Offer Document together with the Form of Acceptance and Transfer were posted to the Holders on 28 May 2013.

The purpose of this IAL is to provide our independent evaluation on the fairness and reasonableness of the terms and conditions of the Offer together with our recommendations thereon, subject to the scope of our role and evaluation, and limitations specified herein.

HOLDERS ARE ADVISED TO CAREFULLY CONSIDER THE INFORMATION AND RECOMMENDATION CONTAINED IN THIS IAC INCLUDING THIS IAL TOGETHER WITH THE OFFER DOCUMENT BEFORE MAKING A DECISION AS TO THE COURSE OF ACTION TO BE TAKEN. THIS IAC INCLUDING THIS IAL DOES NOT CONSTITUTE THE OFFER OR ANY PART THEREOF. IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION YOU SHOULD TAKE IN RELATION TO THE OFFER, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ACCOUNTANT, SOLICITOR OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. TERMS AND CONDITIONS OF THE OFFER

2.1 Offer Price

The consideration for the Offer is RM0.60 per Offer Share and shall be satisfied in cash.

Notwithstanding the above, if Microlink declares, makes or pays any dividend and/or other distribution of any nature whatsoever on or after 7 May 2013, being the date of the Notice but prior to the Closing Date and the Holders is entitled to retain such dividend and/or other distribution, the Offer Price shall be reduced by the quantum of the net dividends and/or other distribution per Offer Share which Holder of the Offer Shares is entitled to.

On 26 March 2013, Microlink announced payment of the Final Dividend. The Offer Price will not be reduced by the Final Dividend.

Holders may accept the Offer in respect of all or any part of their Offer Shares. The Offeror will not pay fractions of sen to the Accepting Holders. Entitlements to the cash payment will be rounded down to the nearest whole sen.

2.2 Condition of the Offer

The Offer is **conditional** upon the following:

- (i) **50% Acceptance Condition** being the minimum level of valid acceptances in respect of the Offer Shares; and
- (ii) **the approval of the shareholders of FRB at an EGM** to be convened in the middle of June.

Please refer to Section 2 of the Offer Document for further details of the conditions of the Offer.

2.3 Duration of the Offer

The Offer will remain open for acceptances until 5.00 p.m. (Malaysian time) on 19 June 2013, being the First Closing Date or such later date(s) as the Offeror may decide and announced by RHB Investment Bank, on behalf of the Offeror, no later than two (2) days before the Closing Date. Notices of such extension will be posted to the Holders accordingly.

Please refer to Section 4 of Appendix II of the Offer Document for further details on the duration of the Offer.

2.4 Method of Settlement

The settlement of the consideration for the Offer Shares will be effected via remittance in the form of cheque(s), banker's draft(s) or cashier's order(s) which will be despatched by ordinary mail to the Accepting Holders (or their designated agents, as they may direct) at the Accepting Holders' registered Malaysian address last maintained with Bursa Depository at their own risk, within ten (10) days from:

- (i) the date the Offer becomes or is declared wholly unconditional, where the valid acceptances are received during the period when the Offer is still conditional; and
- (ii) the date of receipt of the valid acceptances, where valid acceptances are received during the period after the Offer is or has become or has been declared unconditional.

Please refer to Appendix II and Appendix III of the Offer Document for the other terms of the Offer and for the procedures for acceptance and method of settlement of the Offer.

3. DETAILS OF ACCEPTANCE

As at the Offer Document LPD, to the best knowledge of the Microlink Board, the Offeror has not received any irrevocable undertaking from any Holder to accept the Offer.

As at the LPD, to the best knowledge of the Microlink Board, no other person (whose interest in the voting shares of Microlink, whether direct or indirect, which is required to be disclosed under the Code) has accepted or has given an irrevocable undertaking to accept the Offer.

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4. SCOPE AND LIMITATIONS OF KIBB'S EVALUATION AND OPINION

i) KIBB's scope as the Independent Adviser is limited to expressing an independent opinion on the terms of the Offer based on information and documents requested by and provided to KIBB or which are available to us, including the following:-

- (a) information obtained or derived from the Offer Document;
- (b) information furnished to us by the Board and the management of Microlink; and
- (c) other publicly available information.

ii) In assuming the aforesaid role and in line with the terms of our appointment, we have requested the relevant verifications and made the necessary due enquiries to the Directors and management of the Company and have relied upon the information and/ or documents provided to us as described above, and that all relevant facts and information necessary for our evaluation of the Offer have been disclosed to us and that such information are reasonable, reliable and accurate and there are no omission of any material facts which would make any information provided to us incomplete, misleading or inaccurate.

We are satisfied with the disclosures from the Directors and management of the Company and have no reason to believe that any of the information is unreliable. In rendering our opinion, we have taken note of pertinent issues which we believe are of general importance to an assessment of the implication of the Offer and therefore of concern to the Holders.

Our opinion as set out in this IAL is based on prevailing market conditions, economic, industry and other conditions (where applicable) and the information/ documents made available to us as of the LPD.

iii) In carrying out our evaluation, we have taken into consideration various factors and conditions prevailing at the time of preparing our independent evaluation, which we believe are vital in our assessment, from a financial and investment point of view of the impact of the Offer on the Holders, and therefore a general concern to the Holders as a whole.

We have not taken into consideration any specific investment objectives, financial situation, investment horizon and particular needs of any individual Holder or specific group of Holders. We recommend that any individual Holder or group of Holders who may require advice in relation to the Offer in context of their individual objectives, financial situation, investment horizon and particular needs, to consult their stockbroker, bank manager, solicitor, accountant or other professional advisers.

We shall immediately notify the Holders of any material change in circumstances that would affect the consideration or the accuracy or the completeness of the information contained in this IAC.

5. FINANCIAL EVALUATION OF THE OFFER

5.1 Introduction

The financial evaluation of the Offer sets to provide and assist the Holders in their assessment of the Offer, with an independent and informed analysis of the Offer by KIBB. The financial evaluation of the Offer is set out in the following Sections:-

Fairness of the Offer

- i) Section 5.2 – Market valuation analysis.
- ii) Section 5.3 – Fair value of Microlink Shares.
- iii) Section 5.4 – Historical share price analysis.

Reasonableness of the Offer

- i) Section 5.5 – Historical performance analysis of the Microlink Group.
- ii) Section 5.6 – Precedent take-over offer analysis.
- iii) Section 5.7 – Historical liquidity analysis.
- iv) Section 5.8 – Dividend track record.

The historical share price, market valuation, precedent take-over offer and liquidity analysis as set out in Sections 5.2, 5.3, 5.6 and 5.7, respectively, were assessed using the Last Trading Day before the Offer as a base to provide the most appropriate cut-off date to better reflect the trading and financial statistics of the Microlink prior to the Notice.

In addition to the above, we have assessed the fair value of Microlink Shares and liquidity of Microlink Shares, the relative market valuation analysis, financial and operating performance of the Company and the Company's dividend track record, against the Comparable Companies.

Further details of the Comparable Companies are set out in Section 5.5 herein.

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Fairness of the Offer

5.2 Market Valuation Analysis.

In our evaluation of the Offer, we conducted a relative market valuation analysis based on comparisons of the valuations represented by the Offer vis-à-vis:

- i) the Company's market valuations over the past one (1) year up to the Last Trading Day before the Offer; and
- ii) the market valuations of the Comparable Companies prices as at the Last Trading Day before the Offer and over the past one (1) year up to the Last Trading Day before the Offer.

In arriving at our opinion, we are satisfied that the business and operations of the Microlink Group for the past one (1) year up to the Last Trading Day before the Offer has not fundamentally changed.

5.2.1 P/E Analysis

Based on the audited FYE 2012, the Offer Price translates to the following P/E multiple:-

No. of Number of Microlink Shares in issue ¹ (^{'000})	PATMI ² (RM ^{'000})	EPS ² (sen)	Offer P/E (times)
133,646	7,362	5.51	10.89

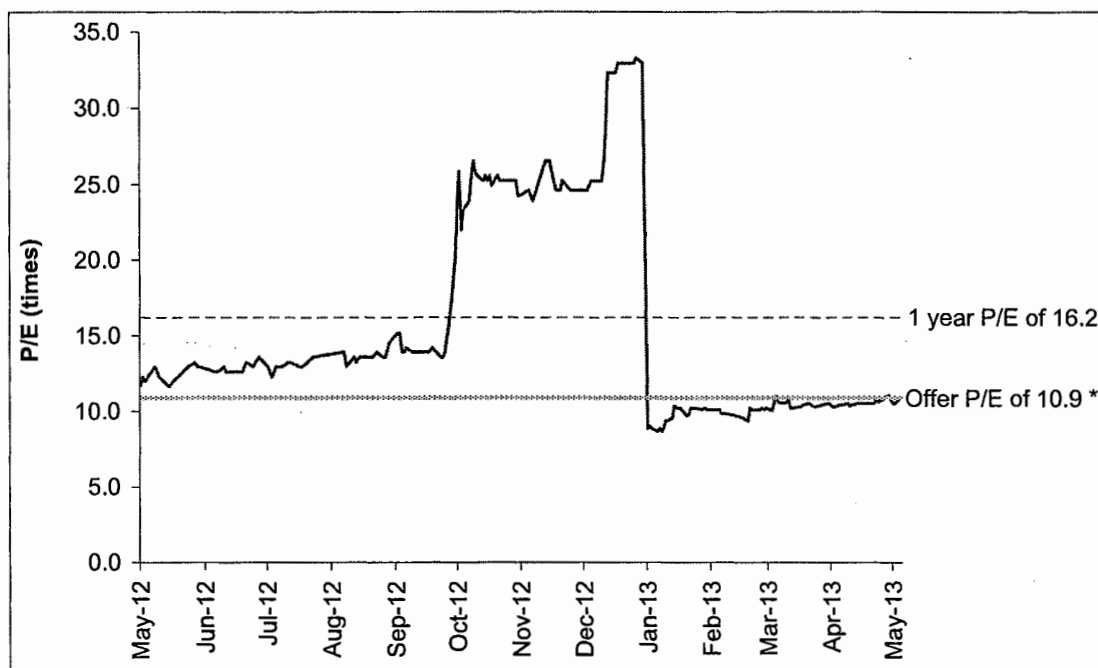
(Source: Microlink's FYE 2012 annual report and the Company)

Notes:

- 1 As at the Last Trading Day before the Offer.
- 2 Excluding other comprehensive income such as exchange differences on translating foreign operations and fair value gain on available-for-sale financial assets.

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The traded P/E of Microlink Shares for the past one (1) year up to the Last Trading Day before the Offer, is shown in the chart below:-



(Source: Bloomberg and Microlink's annual reports)

Note:

* The one (1) year average P/E of 16.2 times is derived based on the average daily trading P/E of Microlink Shares for the past one (1) year up to the Last Trading Day before the Offer.

As illustrated above, Microlink Shares had traded above the Offer P/E of 10.9 times for the past one (1) year up to 31 December 2012, while it had traded below the Offer P/E since 2 January 2013 up to the Last Trading Day before the Offer, save for 6 March and 30 April when it had traded at a P/E of 11.0 time and 11.1 times, respectively.

For the period under review, the highest traded P/E for Microlink Shares is 33.3 times recorded on 28 December 2012, while the lowest traded P/E for Microlink Shares is 8.7 times recorded on 7 January 2013. We also note that the P/E for Microlink had started an increasing trend after the announcement of the termination of the HOA, and had continued to rise further upon the announcement of its FPE 30 September 2012 financial results, of which PATMI increased by 85.3% year-on-year.

Additionally, we note that the Offer P/E of 10.9 times is 32.7% lower than Microlink Shares' one (1) year P/E of 16.2 times.

Furthering our analysis, we set out the following analysis of the Offer P/E vis-à-vis the Comparable Companies' P/E, based on the respective trailing 12 months financial results ending 31 December 2012:

Comparable Companies	As at Last Trading Day before the Offer				
	Market Capitalisation (RM '000)	Closing Price (RM)	EPS ¹ (sen)	Current P/E ² (times)	1 year P/E ³ (times)
Heitech Padu	79,968	0.790	4.36	18.1	21.5
Excel Force	55,827	0.270	2.54	10.6	10.3
Rexit	49,227	0.260	1.87	13.9	13.3
Cuscapi	47,839	0.195	2.60	7.5	9.2
Opensys	27,928	0.125	1.61	7.8	5.4
			High	18.1	21.5
			Average	11.6	11.9
			Low	7.5	5.4
Microlink⁴	80,188	0.60	5.51	10.9	

(Source: The respective Comparable Companies' annual reports and financial statements)

Notes:

- 1 Calculated based on the trailing 12 months ending 31 December 2012.
- 2 Based on closing prices as at the Last Trading Day before the Offer.
- 3 The one (1) year P/E is derived based on the average daily trading P/E of for the past one (1) year up to the Last Trading Day before the Offer.
- 4 Based on the Offer Price.

As provided in the table above, we note that the Offer P/E of 10.9 times is below the average current P/E of the Comparable Companies of 11.6 times. Moreover, the Offer P/E is also lower than the one (1) year P/E of the Comparable Companies of 11.9 times.

Notwithstanding the evaluations above, we have also analysed the Offer Price excluding Microlink's net cash position of RM18.3 million as at FYE 2012, vis-à-vis the Comparable Companies, of which the computation is set out below:

Offer Price (sen)	Net Cash per Share (sen)	EPS (sen)	Offer P/E (net of cash) (times)
60.00	13.67	5.51	8.4

Based on the table above, we note that the Offer P/E (net of cash) of 8.4 times is on the lower range of the P/E multiples of the Comparable Companies.

5.2.2 P/BV Analysis

Based on the audited FYE 2012, the Offer Price translates to the following P/BV multiple:-

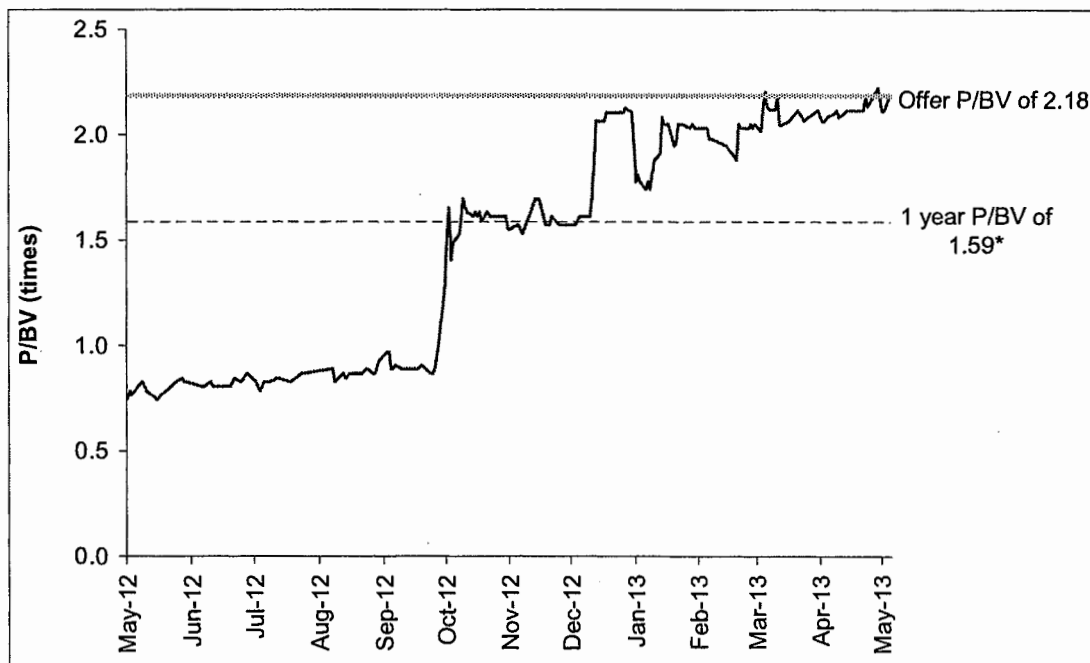
No. of Number of Microlink Shares in issue ¹ (‘000)	BV (RM ‘000)	BV per Share (sen)	Offer P/BV (times)
133,646	36,716	0.27	2.18

(Source: Microlink’s FYE 2012 annual report and the Company)

Note:

1 As at the Last Trading Day before the Offer.

The traded P/BV of Microlink Shares for the past one (1) year up to the Last Trading Day before the Offer, is shown in the chart below:-



(Source: Bloomberg and Microlink’s annual reports)

Note:

* The one (1) year P/BV of 1.59 times is derived based on the average daily trading P/BV of Microlink Shares for the past one (1) year up to the Last Trading Day before the Offer.

As illustrated above, Microlink Shares had traded below the Offer P/BV of 2.18 times for the past one (1) year up to the Last Trading Day before the Offer, save for 6 March 2013 and 30 April 2013 when it had traded at a P/BV of 2.20 times and 2.22 times, respectively.

For the period under review, the highest traded P/BV for Microlink’s Shares is 2.22 times recorded on 30 April 2013, while the lowest traded P/BV is 0.74 times recorded on 16 May 2012.

Notwithstanding the above, the Offer P/BV of 2.18 times is 37.1% higher than the Microlink’s Shares’ one (1) year P/BV of 1.59 times.

Furthering our analysis, we set out the following analysis of the Offer P/BV vis-à-vis the Comparable Companies' P/BV, based on the respective trailing 12 months financial results ending 31 December 2012:

Comparable Companies	As at Last Trading Day before the Offer				
	Market Capitalisation (RM '000)	Closing Price (RM)	BV per share ¹ (sen)	Current P/BV ² (times)	1 year P/BV ³ (times)
Heitech Padu	79,968	0.790	2.04	0.39	0.43
Excel Force	55,827	0.270	0.20	1.38	1.50
Rexit	49,227	0.260	0.16	1.59	1.53
Cuscapi	47,839	0.195	0.26	0.76	1.18
Opensys	27,928	0.125	0.15	0.83	0.81
			High	1.59	1.53
			Average	1.07	1.09
			Low	0.39	0.43
Microlink⁴	80,188	0.60	0.27	2.18	

(Source: The respective Comparable Companies' annual reports and financial statements)

Notes:

- 1 Calculated based on the trailing 12 months ending 31 December 2012.
- 2 Based on closing prices as at the Last Trading Day before the Offer.
- 3 The one (1) year P/BV is derived based on the average daily trading P/BV of for the past one (1) year up to the Last Trading Day before the Offer.
- 4 Based on the Offer Price.

As provided in the table above, Offer P/BV is significantly higher than the current P/BV and one (1) year P/BV average of the Comparable Companies of 1.07 times and 1.09 times, respectively.

Notwithstanding the above, we note that 70.2% of the Company's assets are in the form of receivables as well as cash and equivalents. Thus, we are of the view that while the Offer P/BV is above the valuations of the Comparable Companies', P/BV comparisons may not be the most appropriate for asset-light companies like Microlink.

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5.2.3 EV/EBITDA Analysis

Based on the audited FYE 2012, the Offer Price translates to the following EV/EBITDA multiple:-

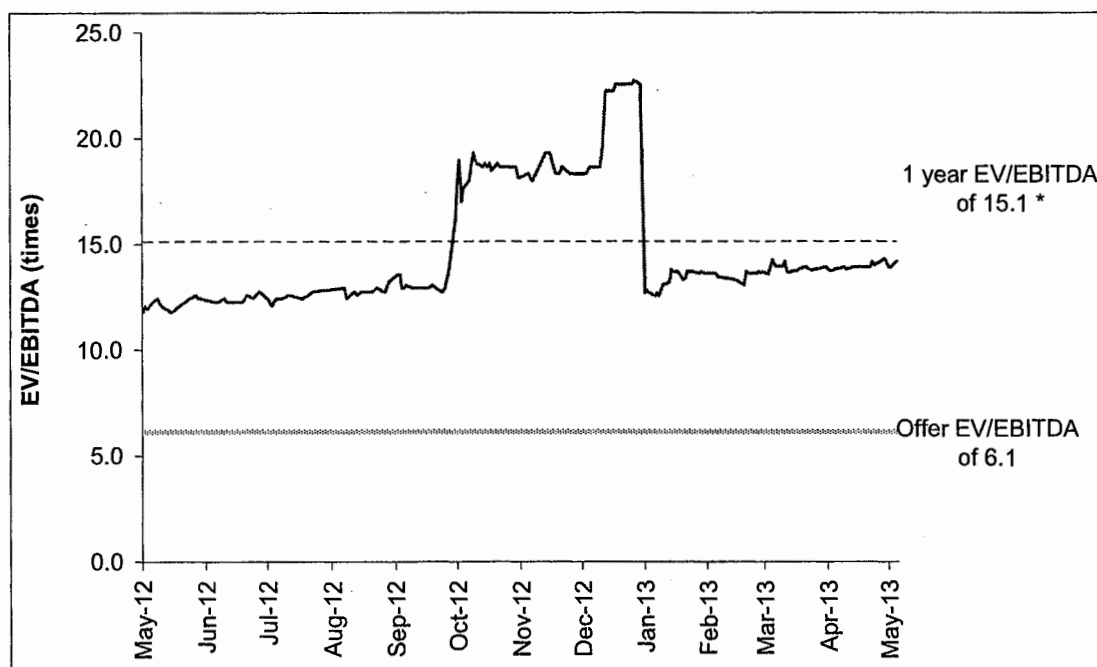
Market Capitalisation ¹ (RM '000)	Total Borrowings (RM '000)	Cash and Equivalents (RM)	Minority Interest (RM '000)	Enterprise Value ("EV") (RM '000)	EBITDA (RM '000)	Offer EV/EBITDA (times)
80,188	-	18,267	(345)	61,576	10,014	6.1

(Source: Microlink's FYE 2012 annual report and the Company)

Note:

1 As at the Last Trading Day before the Offer.

The traded EV/EBITDA of Microlink Shares for the past one (1) year up to the Last Trading Day before the Offer, is shown in the chart below:-



(Source: Bloomberg and Microlink's annual reports)

Note:-

* The one (1) year EV/EBITDA of 15.1 times is derived based on the average daily trading EV/EBITDA of Microlink Shares for the past one (1) year up to the Last Trading Day before the Offer.

As illustrated above, Microlink Shares had traded above the Offer EV/EBITDA of 6.1 times for the past one (1) year up to the Last Trading Day before the Offer, and is 59.6% lower than the Microlink's Shares' one (1) year EV/EBITDA of 15.1 times.

For the period under review, the highest traded EV/EBITDA for Microlink's Shares is 22.7 times recorded on 28 December 2012, while the lowest traded EV/EBITDA of 11.8 times was recorded on 16 May 2012.

Furthering our analysis, we set out the following analysis of the Offer EV/EBITDA vis-à-vis the Comparable Companies' EV/EBITDA, based on the respective trailing 12 months financial results ending 31 December 2012:

Comparable Companies	As at Last Trading Day before the Offer				
	Market Capitalisation (RM '000)	EV ¹ (RM '000)	EBITDA ¹ (RM '000)	Current EV/EBITDA (times)	1 year EV/EBITDA ³ (times)
Heitech Padu	79,968	266,512	23,328	11.4	11.3
Excel Force	55,827	30,419	6,362	4.8	5.2
Rexit	49,227	26,437	4,002	6.6	6.4
Cuscapi	47,839	35,901	10,438	3.4	6.1
Opensys	27,928	29,999	10,135	3.0	3.6
			High	11.4	11.3
			Average	5.8	6.5
			Low	3.0	3.6
Microlink⁴	80,188	61,576	10,014	6.1	

(Source: The respective Comparable Companies' annual reports and financial statements)

Notes:-

- 1 Calculated based on the trailing 12 months ending 31 December 2012.
- 2 Based on closing prices as at the Last Trading Day before the Offer.
- 3 The one (1) year EV/EBITDA is derived based on the average daily trading EV/EBITDA of for the past one (1) year up to the Last Trading Day before the Offer.
- 4 Based on the Offer Price.

As provided in the table above, we note that the Offer EV/EBITDA of 6.1 times is within the range of the current and one (1) year EV/EBITDA of the Comparable Companies. However, the Offer EV/EBITDA is below the average of the one (1) year EV/EBITDA of the Comparable Companies.

5.2.4 KIBB's View

Based on the evaluations as set out in Section 5.2 above, the Offer Price which represents an Offer P/E and Offer EV/EBITDA of 10.9 times and 6.1 times, respectively, is below its one (1) year market valuations of 16.2 times (P/E) and 15.1 times (EV/EBITDA). Therefore, in accepting the Offer, Accepting Holders are effectively realising their investment in Microlink at a discount to its own historical traded market valuations.

We are also of the view the P/BV is not an appropriate relative valuation benchmark for Microlink, as we note that 70.2% of the Company's assets are in the form of receivables as well as cash and equivalents. Therefore, for asset-light companies such as Microlink, earnings based valuations represents the most suitable relative market valuation analysis.

We have also analysed of the Offer Price market valuations vis-à-vis the Comparable Companies, and we note that the Offer Price is lower than the Comparable Companies' average market valuations, even as Microlink had reported higher than the Comparable Companies' ROE and CAGR of 22.0% and 98.6%, respectively.

Premised on the foregoing, while the valuations presented by the Offer is within the range of the Comparable Companies' valuations, the Offer P/E and Offer EV/EBITDA is on the lower range of the Comparable Companies' valuations and is lower than its own historical valuations, despite the Company's healthy financial performance and financial position.

As we made reference to the ensuing Section 5.5 (historical performance analysis of the Microlink Group), we note that although the historical financial performance of the Microlink Group had outperformed the Comparable Companies, the Offer P/E and Offer EV/EBITDA are based on valuations which are lower than the average market valuations of the Comparable Companies of 11.9 times (P/E) and 6.5 times (EV/EBITDA).

Moreover, we are also of the opinion that the Offer Price had not truly reflected the net cash position of the Company, as Microlink's net cash position as at FYE 2012 of 13.7 sen per Share represents 22.8% of the Offer Price. Thus, excluding the Company's net cash, the Offer Price would only value the Company at 8.4 times P/E, which is on the lower range of the P/E multiples of the Comparable Companies.

Founded on the evaluations as set out above, based on the relative market valuation analysis, the Offer Price is NOT FAIR.

5.3 Fair Value of Microlink Shares

In evaluating the fair valuation of the Microlink Shares, we have adopted the EV/EBITDA based relative market valuation methodology. We have also evaluated the fair valuation of the Microlink Shares based on the P/E multiple as a supplemental valuation check for the EV/EBITDA based fair value.

In arriving at the fair value multiple range of the EV/EBITDA and P/E based relative market valuation, we had adopted the valuation range derived from the Comparable Companies as elaborated in preceding Section 5.2.1 and 5.2.3 above, to better reflect the expected valuation multiples of the ICT sector in which Microlink operates in.

5.3.1 EV/EBITDA Fair Value

We had elected the EV/EBITDA as the most appropriate valuation multiple due to Microlink's net cash position of 13.7 sen per Share, or consisting of 22.8% of the Offer Price, as the EV/EBITDA valuation multiple is capital structure neutral, and, therefore, will not be affected by changes and dissimilarities in capital structure whilst comparing Comparable Companies with varying market capitalisation.

The EV/EBITDA based fair value is based on the trailing 12 months financial statement of the Company up to 31 March 2013 (consisting of four (4) financial periods ending 31 March 2013), as it corresponds to most prudent representation of Microlink's future financial prospects based on its most recent financial performance trend. Notwithstanding the foregoing, the adopted financials of the Company is then assessed against the Company's current secured contracts, as provided by the management of Microlink, in justifying its validity.

The following sets forth the denominators used for the EV/EBITDA based fair value based Company's the trailing twelve (12) months financial statement of the Company up to 31 March 2013:

No. of ordinary share in issue ¹ ('000)	Total Borrowings (RM '000)	Cash and Equivalents (RM '000)	Minority Interest (RM '000)	EBITDA (RM '000)
133,646	-	24,149	(449)	13,893

(Source: Microlink's FYE 2012 annual report and financial statement for FPE 31 March 2013)

Note:

1 As at the Last Trading Day before the Offer.

The following sets forth the range of EV/EBITDA multiples based on the Comparable Companies' one (1) year EV/EBITDA (refer to Section 5.2.3 above) adopted in computation of the fair value:

Comparable Companies	1 year EV/EBITDA (times)
Heitech Padu	11.3
Excel Force	5.2
Rexit	6.4
Cuscapi	6.1
Opensys	3.6
Adjusted High¹	6.4
Adjusted Average¹	5.9
Adjusted Low¹	5.2

Note:

1 Excludes outlier where the outlier is less/more than 50% of the average.

The details and basis for the computation of the fair value range of Microlink are set out below:-

	Minimum Fair Value (RM '000)	Maximum Fair Value (RM '000)	<u>Explanatory Notes</u>
EV/EBITDA adopted (times)	5.2	6.4	- Based on the adjusted range of the Comparable Companies
EBITDA	13,893	13,893	- Based on trailing 12 months
Enterprise Value	72,205	88,891	
less: Total debt	-	-	- As at FPE 31 March 2013
less: Minority interest	(449)	(449)	- As at FPE 31 March 2013
add: Cash and equivalents	31,428	31,428	- As at FPE 31 March 2013
Market capitalisation	104,082	120,768	
No. of ordinary share in issue ('000)	133,646	133,646	- As at LPD
Fair Value per Microlink Share (RM)	0.78	0.90	

Based on the Comparable Companies' adjusted EV/EBITDA range of between 5.2 times and 6.4 times, and Microlink's trailing 12 months financial statement up to 31 March 2013, the fair value of Microlink is between RM104.1 million and RM120.8 million.

As such, the fair value per Microlink Share is approximately between RM0.78 and RM0.90.

Thus, the Offer Price translates to a discount of between 23.0% and 33.6% to the EV/EBITDA based fair value of the Microlink Shares.

5.3.2 P/E Base Valuation as a Counter-Check

In adopting the P/E base valuation in providing a counter-check for the fair value of the Microlink Shares, we have adopted Microlink's financials based on the trailing 12-months financial statement of the Company up to 31 March 2013 (consisting of four (4) financial periods ending 31 March 2013), as it corresponds to most prudent representation of Microlink's future financial prospects based on its most recent financial performance trend. Notwithstanding the foregoing, the adopted financials of the Company is then assessed against the Company's current secured contracts, as provided by the management of Microlink, in justifying its validity.

The following sets forth the denominators used for the P/E valuation based Company's the trailing 12 months financial statement of the Company up to 31 March 2013:

No. of ordinary share in issue ('000)	PATMI (RM '000)	EPS (RM)
133,646	10,748	8.04

(Source: Microlink's FYE 2012 annual report and financial statement for FPE 31 March 2013)

Note:

1 As at the Last Trading Day before the Offer.

The following sets forth the range of P/E multiples based on the Comparable Companies' one (1) year P/E (refer to Section 5.2.1 above) adopted in computation of the P/E based valuations:

Comparable Companies	1 year P/E (times)
Heitech Padu	21.5
Excel Force	10.3
Rexit	13.3
Cuscapi	9.2
Opensys	5.4
Adjusted High ¹	13.3
Adjusted Average ¹	10.9
Adjusted Low ¹	9.2

Note:

1 Excludes outliers where the outliers are less/more than 50% of the average.

The details and basis for the computation of the fair value range of Microlink are set out below:-

	Minimum Fair Value	Maximum Fair Value	<u>Explanatory Notes</u>
P/E adopted (times)	9.2	13.3	- Based on the adjusted range of the Comparable Companies
EPS (sen)	8.04	8.04	- Based on trailing 12 months
Fair Value per Share (RM)	<u>0.74</u>	<u>1.07</u>	

Based on the foregoing, the fair value of Microlink Shares of between RM0.78 and RM0.90 per Share is within the range of the P/E based valuation of between RM0.74 and RM1.07 per Share.

5.3.3 KIBB's View

Based on the valuations highlighted in the preceding Sections 5.3 above, the comparison of the Offer Price vis-à-vis the fair value of Microlink Shares is as follows:-

Valuation Methodology	Fair Value	Fair Value per Share	Premium/(Discount) of Offer Price over Fair Value	
	(RM '000)	(RM)	RM	%
EV/EBITDA	104,082 to	0.78	(0.18)	-23.0
	120,768	0.90	(0.30)	-33.6

The Offer Price represents a discount of between 23.0% and 33.6% to the EV/EBITDA based fair value per Share of between RM0.78 and RM0.90.

As a counter-check to the EV/EBITDA based fair value, we had adopted a P/E based valuation of Microlink Shares of between RM0.74 to RM1.07 per Share.

We had elected the EV/EBITDA as the most appropriate valuation multiple due to Microlink's net cash position of 13.7 sen per Share, or 22.8% of the Offer Price, as the EV/EBITDA valuation multiple is capital structure neutral, and, therefore, will not be affected by changes and dissimilarities in capital structure whilst comparing Comparable Companies with varying market capitalisation.

Base on the foregoing, we are also of the view that the Offer Price had not truly reflected the net cash position of the Company and thus, undervalues the Company.

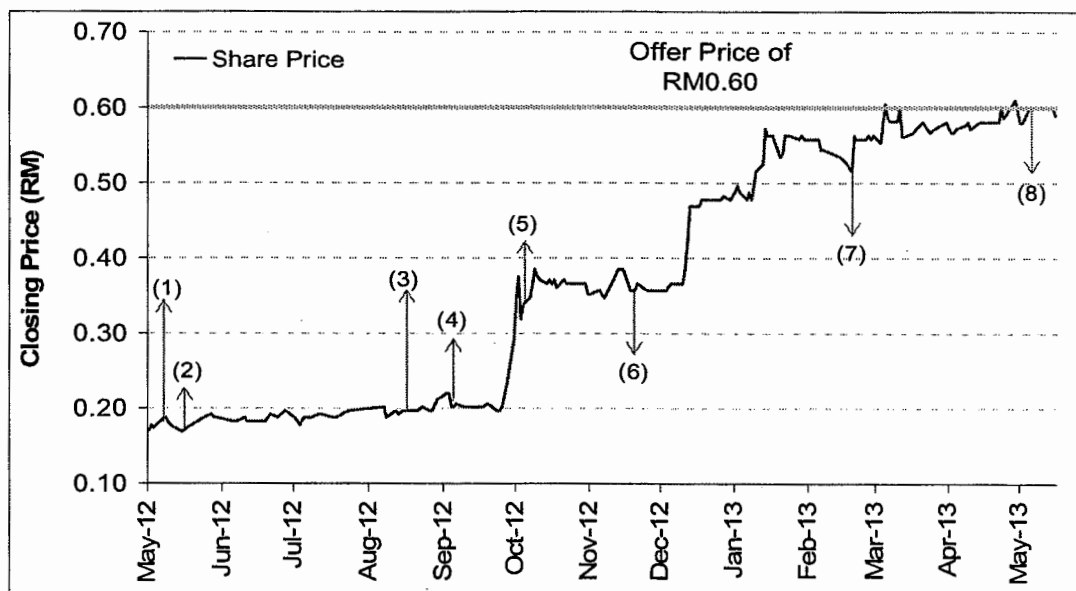
For that reasons stated above, we are of the opinion that the Offer Price is NOT FAIR.

Holders should take note that the computation of the EV/EBITDA based fair value was based on the current financial positioning and secured contracts of the Company and has not taken into consideration any future prospects or impacts of the economy and business operations of Microlink.

Holders are also advised that this independent fair valuation analysis must be read in conjunction with the other Sections of this IAL in order to fully analyse and evaluate the decision to the Offer.

5.4 Historical Share Price Analysis

In evaluating the reasonableness of the Offer Price, we have assessed the movement of the market prices of Microlink Shares as traded on Bursa Securities for the past one (1) year up to the Last Trading Day before the Offer, as shown in the annotated chart below:



(Source: Bloomberg)

As shown in the annotations of the chart above, the significant events surrounding the Microlink Group are as follows:-

Annotation	Date	Price ¹ (RM)	Significant Event
(1)	8 May 2012	0.20	Announcement of the HOA
(2)	16 May 2012	0.18	FHB acquired a 20% stake in Microlink via an off-market transaction at RM0.18 per Share
(3)	15 August 2012	0.20	Awarded RM35.5 million contract
(4)	5 September 2012	0.22	Extension of time for the HOA
(5)	5 October 2012	0.36	Termination of the HOA with FRB and FHB
(6)	21 November 2012	0.38	Announcement of FPE 30 September 2012 financial results, of which PATMI increased 85.3% year-on-year.
(7)	20 February 2013	0.55	Announcement of FYE 31 December 2012 financial results, of which PATMI increased 279.9% year-on-year.
(8)	7 May 2013	0.60	Receipt of the Notice

(Source: Company's announcements on Bursa Securities)

Note:

¹ Based on closing prices on each respective annotated date.



Based on the chart above, Microlink Shares had been traded below the Offer Price for the past one (1) year up the Last Trading Day before the Offer, save for the intermittent period between 12 March 2013 and the Last Trading Day before the Offer. We note that during the said period, Microlink Shares may have traded range-bound of the Offer Price due to the following reasons:-

- i) due to the financial performance of the Company which had been on growing trend since FPE 30 September 2012; and
- ii) the Offeror purchasing Microlink Shares in the open market, and thus providing liquidity of the Microlink Shares, as set out in Section 5.7 herein.

During this one (1) year period under review, the highest and lowest traded prices of Microlink Shares are RM0.61 (30 May 2013) and RM0.169 (16 May 2012) respectively, of which the Offer Price represents a discount of 1.6% and premium of 255.0%, respectively.

Further observations of the historical market prices and the respective VWAP of Microlink Shares as at the Last Trading Day before the Offer are as follows:-

	Microlink Shares (RM)	Premium / (Discount) of the Offer Price (RM)	(%)
Closing market price as at the Last Trading Day before the Offer	0.600	-	0.0
Five (5) day VWAP up to the Last Trading Day before the Offer	0.583	0.017	2.9
One (1) month VWAP up to the Last Trading Day before the Offer	0.583	0.017	2.9
Three (3) months VWAP up to the Last Trading Day before the Offer	0.551	0.049	8.9
Six (6) months VWAP up to the Last Trading Day before the Offer	0.531	0.069	13.0
One (1) year VWAP up to the Last Trading Day before the Offer	0.428	0.172	40.2

(Source: Bloomberg)

As set out in the table above, the Offer Price represents a premium ranging from nil to RM0.172 (40.2%) per Microlink Share over the closing market price as at the Last Trading Day before the Offer and the five (5) day, one (1) month, three (3) months, six (6) months and one (1) year VWAP up to the Last Trading Day before the Offer.

We also note that the Share prices had started to increase after the termination of the HOA on 5 October 2012, of which prior to that the Share prices were trading below the Swap Price of RM0.22, save for the period of 28 September 2012 to 5 October 2012. The HOA was terminated due the terms of the definitive agreements of the HOA had not been finalised on the given expiry date.

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5.4.1 KIBB's View

Based on the analysis set out in Section 5.4 above, we are of the opinion that the Offer Price represents a minimal premium to the closing market price as at the Last Trading Day before the Offer and the five (5) day, one (1) month, three (3) months and six (6) months VWAPs of between nil and 13.0%.

Nonetheless, the premium of the Offer Price over the VWAP of one (1) year of 40.2% may present an opportunity for long-term investors of Microlink Shares to realise investments in Microlink Shares at a high premium, especially if they intend to dispose large number of shares at the Offer Price. We note that this was due to Microlink Shares had been trading below RM0.22, save for the period of 28 September 2012 to 5 October 2012, prior to the termination of the HOA, and believe the HOA had resulted in limited the buying interest in Microlink Shares above the Swap Price of RM0.22 per Share.

Notwithstanding the above, Holders are reminded that the market prices of Microlink Shares represent trading prices of the Shares on the Ace Market of Bursa Securities, and are affected by various factors, including but not limited to, the liquidity of Microlink Shares, the Company's public shareholding spread as well as the market trading sentiments, and are not the fair value of Microlink Shares.

Therefore, the Holders are advised that this historical share price analysis must be read in conjunction with the preceding Sections 5.2 and 5.3 above, and the ensuing Section 5.6 on the precedent take-over offer analysis in order to fully analyse and evaluate the fairness of the Offer Price and the reasonableness of the premiums presented by the Offer.

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Reasonableness of the Offer

5.5 Historical Performance Analysis of the Microlink Group

5.5.1 Financial Performance Analysis of the Microlink Group

A summary of Microlink's financial statements for the past three (3) financial years of FYE 2010, FYE 2011, and FYE 2012, and the unaudited three (3) month FPE 31 March 2013 are as follows:-

	FYE 31 December			FPE
	Audited			31 March 2013
	FYE 2010 (RM'000)	FYE 2011 (RM'000)	FYE 2012 (RM'000)	Unaudited (RM'000)
<u>Income Statement</u>				
Revenue	22,453	18,654	42,526	12,372
EBITDA	3,533	3,835	10,014	4,620
PBT	2,410	2,523	7,890	4,040
PATMI ¹	1,865	1,938	7,362	4,041
Year-on-year revenue growth	31.2%	-16.9%	128.0%	156.7
Year-on-year core PATMI growth	1,958.6%	3.9%	279.9%	516.9
<u>Financial Position</u>				
Total assets	33,986	33,187	59,675	58,216
Total borrowings	-	-	-	-
Total liabilities	4,294	2,888	23,307	17,903
Equity attributable to owners of the company, or BV	29,655	30,346	36,713	40,762
Number of Microlink Shares in issue	127,406	127,406	129,097	133,153
<u>Financial Ratios</u>				
EBITDA margin	15.7	20.6	23.5	37.3
PATMI margin	8.3	10.4	17.3	32.7
EPS (sen) ²	1.46	1.52	5.70	3.03
BV per share (RM) ²	0.23	0.24	0.28	0.31
Net gearing (times)	net cash	net cash	net cash	net cash
ROE	6.5	6.5	22.0	26.7 ³

(Source: Microlink's annual reports)

Notes:

- 1 Excluding other comprehensive income such as exchange differences on translating foreign operations and fair value gain on available-for-sale financial assets.
- 2 Calculated based on the number of ordinary shares in issue.
- 3 Based on the trailing 12 months PATMI ending 31 March 2013.

The review of the financial performance of the Company is as follows:-

i) FYE 2010

PATMI for the year under review was recorded at RM1.9 million on the back of the RM22.5 million in revenue. This represents an increment of 31.2% in revenue and 1,958.6% in PATMI.

The performance improvement was mainly attributable to higher sales volume and absence of significant provision for doubtful debt in the financial year.

ii) FYE 2011

For the FYE 2011, the Company's recorded revenue of RM18.6 million was a 16.9% decline from the preceding year, while PATMI for the year was reported at RM1.9 million, an increment of 3.9% year-on-year.

The lower revenue for the period under review was due to the absence of significant hardware sales as compared to FYE 2010. Nonetheless, PATMI has increased despite the decreased in revenue, due to prudent cost control by the management.

iii) FYE 2012

The Company secured several turnkey projects during the FYE 2012 which had enhanced its revenues and earnings significantly. A major project is a contract amounting to approximately RM35.5 million from a financial institution to primarily upgrade its core banking system. Resultantly, the Company recorded revenue of RM42.5 million and PATMI of RM7.4 million, representing an increase of 128.0% and 279.9% respectively.

We also note that the liabilities of the company had also increased significantly from RM2.9 million previously to RM23.3 million, due to the increase in amount due to contract customers under the ordinary course of business. This amount was mainly related to the RM35.5 project secured in FYE 2012, which the Company had collected upfront while the project deliverables are in progress and expected to be fully implemented by the end of FYE 2013.

iv) FPE 31 March 2013

Revenue for the FPE under review of RM12.4 million was a 156.7% year-on-year increase, while PATMI of RM4.0 million had improved 516.9% year-on-year. The improvement in the financial performance of the Group was attributable to the recognition of new turnkey projects secured in the preceding year on the back of a much improved margins.

Based on the above review of Microlink's financial performance from FYE 2010 to FYE 2012, the Company reported uninterrupted profits with a CAGR of 98.6% over the period of FYE 2010 and FYE 2012. EBITDA margins have also been on a steady increasing trend.

Consultation with the management of Microlink also indicates that the Company has secured several new turnkey projects and increment in maintenance fees arising from additional licenses subscribed by the existing customers which may sustain its current earnings growth momentum over the next FYE 2013. Total secured turnkey projects in FYE 2012 amounted to approximately RM45.0 million, of which 50% is anticipated to be recognised in FYE 2013.

The Company currently also has several pipeline projects which upon securing should improve project order book over the next two (2) years.

5.5.2 Comparative Analysis of the Microlink Group

Furthering our evaluation, we have analysed the financial performance of the Company, as highlighted in Section 5.5.1 above, against the Comparable Companies.

The Comparable Companies were narrowed down from companies listed on the Bursa Securities based on the following criteria:

- i) had an average market capitalisation of less than RM100.0 million for the period of one (1) year up to the Last Trading Day before the Offer; and
- ii) companies generally involved in the ICT sector providing system integration and business solutions via its applications and products.

In view that the Microlink Group is mainly involved in the provision of information technology solutions to the financial services industry, the Comparable Companies used have been selected on a best efforts basis and per our professional judgement provides the most appropriate similarities to Microlink based on the criteria set out above. However, the Comparable Companies may not be exact comparisons to Microlink due to various factors which include, amongst others, marketability and liquidity of shares, scale of business, profit and management track record, asset base, accounting and tax policies, risk and shareholders' profile, and future prospects.

Brief profiles of the Comparable Companies and Microlink are set out below:-

Comparable Companies	Market Capitalisation ¹ (RM '000)	Company information
Microlink	80,188 ²	Mainly develops and markets computer software. The Company develops software for the banking industry.
Heitech Padu Bhd ("Heitech Padu")	79,968	Provision of systems integration, network related services, data centre management, disaster recovery services and other information technology related services.
Excel Force MSC Bhd ("Excel Force")	55,827	Engaged in the development, provision and maintenance of computer software application solutions for the financial services industry.
Rexit Bhd ("Rexit")	49,227	Provides business application solutions and has developed and owns software application solutions, such as insurance management, imaging and workflow systems, and wireless radio frequency identification tracking systems.
Cuscapi Bhd ("Cuscapi")	47,839	The company's products includes software, hardware, software implementation and support services, hardware preventive maintenance and remedial services, network sales and services, and customised software interface development services.
Opensys (M) Bhd ("Opensys")	27,928	Provision of solutions to the financial services industry in the areas of self-service machines and universal delivery systems and IT services such as systems integration, project management, software development and support services.

(Source: Bloomberg)

Notes:

1 As at the Last Trading Day before the Offer.

2 Based in the Offer Price.

The comparative analysis of Microlink's financial ratios against the Comparable Companies, based on the respective Comparable Companies' financial statements for the trailing 12 months ending 31 December 2012, which is set out in the following table:-

Comparable Companies	Trailing 12 Months Ending 31 December 2012 ¹				
	EBITDA Margin (%)	Net Margin ² (%)	ROE (%)	CAGR ³ (%)	Net Gearing (time)
Heitech Padu	5.9	1.1	2.2	-29.6	0.8
Excel Force	34.6	28.6	13.2	-1.0	net cash
Rexit	29.4	26.5	11.1	-27.1	net cash
Cuscapi	17.3	10.6	10.5	-16.3	net cash
Opensys	30.7	10.9	10.8	69.8	0.1
High	34.6	28.6	13.2	69.8	
Average	23.6	15.5	9.5	-0.8	
Low	5.9	1.1	2.2	-29.6	
Microlink	23.5	17.3	22.0	98.6	net cash

(Source: The respective Comparable Companies' and Microlink's annual reports and financial statements)

Notes:

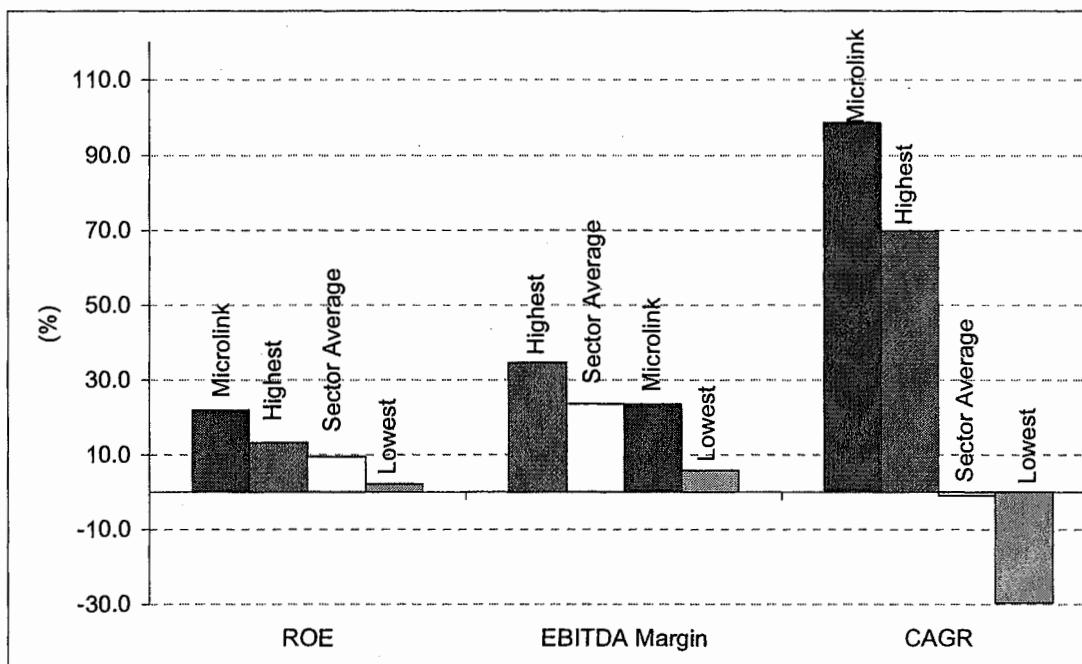
- 1 Consisting of four (4) financial periods ending 31 December 2012.
- 2 Based on PATMI, which excludes other comprehensive income such as exchange differences on translating foreign operations and fair value gain on available-for-sale financial assets.
- 3 Based on PATMI over the period of two (2) years from FYE 2010 to FYE 2012.

Based on the EBITDA margin analysis, we note that Microlink's EBITDA margin of 23.5% is close to the average of the Comparable Companies' EBITDA margin of 23.6%.

Furthering, Microlink's ROE of 22.0% over the period under review is significantly above the range of the Comparable Companies' ROE of between 2.2% and 13.2%, of which in our opinion is due to Microlink's healthy CAGR of 98.6%.

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The summary of the comparative analysis is represented in the chart below:-



(Source: The respective Comparable Companies' and Microlink's annual reports and financial statements)

Referring to the chart above, Microlink's high ROE of 22.0% were driven by healthy CAGR of 98.6% and backed by EBITDA margin of 23.5%, which is comparable to the Comparable Companies.

5.5.3 KIBB's View

Based on evaluations as set out in Section 5.5 above, we are of the opinion that the Microlink Group had outperformed the historical financial performance the Comparable Companies based on the ROE and CAGR analysis, and based on its current secured turnkey projects of RM45.0 million and potential project order book, Microlink is expected to continue its earnings growth momentum over the next two (2) years.

Based on the foregoing and based on the assumption that the increasing financial performance trend of the Company vis-à-vis the Comparable Companies is expected to continue, the future price Microlink Shares could potentially reflect its strong financial fundamentals. Thus in by rejecting the Offer, the Holders may continue to participate on the future growth potential of the Company.

However, Holders are advised to assess the Offer wholly against their respective risk appetite, required return on investments, cost of funds, cost of investment and/ or other opportunity costs.

The Holders are also advised that this historical performance analysis of the Microlink Group must be read in conjunction with the preceding Sections 5.2 and 5.3 on the market valuation analysis and the fair value of the Microlink Shares in order to fully analyse and evaluate the Offer.

5.6 Precedent Take-Over Offer Analysis

As part of our evaluation, we have analysed recent take-over offers undertaken pursuant to the Code for the last two (2) years up to the Last Trading Day before the Offer (“Recent Take-Over Offer(s)”), where the offeror and its parties acting concert had the following criteria:

- i) held less than 33% equity interest in the offeree company;
- ii) made a voluntary general offer (“VGO”) for the offeree company; and
- iii) had offered as settlement for the VGO wholly in cash.

The following sets forth the details of the Recent Take-Over Offers transactions:

Date of Announcement	Target Company	% Owned by the offeror & its parties acting in concert	Five (5) days VWAP Premium / (Discount)	One (1) month VWAP Premium / (Discount)	Three (3) months VWAP Premium / (Discount)	Six (6) months VWAP Premium / (Discount)	One (1) year VWAP Premium / (Discount)
		(%)	(%)	(%)	(%)	(%)	(%)
July 2012	Bandar Raya Developments Bhd	18.5	15.5	17.9	21.3	22.4	N/A
April 2012	TSM Global Bhd	28.1	2.5	2.5	0.8	2.5	(1.6)
Mar 2012	eBworx Bhd	0.0	18.4	21.6	25.0	30.4	32.4
October 2011	Hirofako Holdings Bhd	23.8	14.1	32.9	29.3	27.6	34.7
August 2011	Pulai Springs Bhd	32.0	31.1	37.2	43.9	78.8	89.2
May 2011	OSK Property Holdings Bhd	30.3	11.5	16.0	16.0	19.2	29.9
Jul-12	Autoair Holdings Bhd	25.4	49.4	48.4	54.4	49.4	40.2
		High	49.4	48.4	54.4	78.8	89.2
		Average	20.4	25.2	27.2	32.9	37.5
		Low	2.5	2.5	0.8	2.5	-1.6
6 May 2013	Microlink¹		2.9	2.9	8.9	13.0	40.2

(Source: Bloomberg and the respective target company’s announcements on Bursa Securities)

Note:

- 1 VWAP based on the Last Trading Day before the Offer.

Premised on the above table, the Recent Take-Over Offers were offered at a premium (save for TSM Global Bhd over a one (1) year VWAP), which had ranged:-

- i) between 2.5% and 49.4% with an average of 20.4% from the five (5) day VWAP as compared to the Offer Price which is at a premium of 2.9% based on the five (5) day VWAP up the Last Trading Day before the Offer;
- ii) between 2.5% and 48.4% with an average of 25.2% from the one (1) month VWAP as compared to the Offer Price which is at a premium of 2.9% based on the one (1) month VWAP up the Last Trading Day before the Offer;
- iii) between 0.8% and 54.4% with an average of 27.2% from the three (3) months VWAP as compared to the Offer Price which is at a premium of 8.9% based on the three (3) months VWAP up the Last Trading Day before the Offer;
- iv) between 2.5% and 78.8% with an average of 32.9% from the six (6) months VWAP as compared to the Offer Price which is at a premium of 13.0% based on the six (6) months VWAP up the Last Trading Day before the Offer; and
- v) between a discount of 1.6% and a premium of 89.2% with an average of 37.5% from the one (1) year VWAP compared to the Offer Price which is at a premium of 40.2% based one (1) year VWAP up the Last Trading Day before the Offer.

5.6.1 KIBB's View

Based on the evaluation as set out in Section 5.6 above, the premiums presented by the Offer Price is within but were significantly below the averages of the premiums offered by the Recent Take-Over Offers based on the five (5) day, one (1) month, three (3) months and six (6) months VWAPs, respectively.

Therefore, based on the foregoing analysis vis-à-vis the Recent Take-Over Offers, the Offer Price's premiums over the said period are low and NOT REASONABLE.

However, the premium of the Offer Price based on the one (1) year VWAP of 40.2% is higher than the average of the Recent Take-Over Offers of 37.5%, and may present an opportunity for long-term investors of Microlink Shares to realise investments in Microlink Shares at a REASONABLE premium.

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5.7 Historical Liquidity Analysis

The monthly highest and lowest closing market prices and trading volume of Microlink Shares for the past one (1) year up to the Last Trading Day before the Offer are as follows:

	Low	High	Average Daily Volume Trade	Daily Volume Traded as a Percentage of Public Shareholding Spread
	(RM)	(RM)		(%)
2012				
May ¹	0.17	0.19	166,111	0.57
June	0.18	0.19	228,560	0.78
July	0.19	0.19	62,911	0.22
August	0.19	0.21	111,290	0.38
September	0.20	0.22	219,062	0.75
October	0.26	0.38	426,095	1.46
November	0.35	0.38	68,694	0.24
December	0.36	0.48	175,106	0.60
2013				
January	0.48	0.56	413,255	1.42
February	0.52	0.56	778,760	2.67
March	0.55	0.60	83,520	0.29
April	0.57	0.59	38,218	0.13
May ²	0.58	0.60	4,067	0.01
Average Daily Volume Traded for the Period			247,834	0.85

(Source: Bloomberg, Microlink's annual report and Microlink's register of substantial shareholders)

Notes:

- 1 From 7 May 2012 up to 31 May 2012.
- 2 From 1 May 2013 up to Last Trading Day before the Offer.

As provided in the table above, the Microlink Shares' average daily volume traded for the one (1) year period up to and including the Last Trading Day before the Offer was approximately 247,834 Microlink Shares, representing approximately 0.85% of daily volume traded as a percentage of public shareholding spread. The highest average daily volume traded per month was in February 2013 of 778,760, representing 2.67% of the public shareholding spread of Microlink Shares while the lowest average daily volume traded per month was in May 2013 of 4,067, representing 0.01% of the public shareholding spread of Microlink Shares. However, the lowest traded volume was due to the fact that it only consisted of three (3) Market Days.

We have also made comparison of the trading liquidity of Microlink Shares against the Comparable Companies, of which are set below:

Comparable Companies ¹	Average Daily Volume Traded for one (1) year up to the Last Trading Day before the Offer (RM '000)	Public Shareholding Spread (%)	Daily Volume Traded as a Percentage of Public Shareholding Spread ² (%)
Ingenuity Consolidated Bhd	16,763,134	69.8	4.39
Ariantec Global Bhd	13,440,712	87.0	2.72
Opensys (M) Bhd	590,978	70.7	0.37
Cuscapi Bhd	301,288	68.6	0.19
Rexit Bhd	85,744	37.0	0.13
Excel Force MSC Bhd	71,214	44.8	0.08
Heitech Padu Bhd	15,870	33.6	0.05
	High	87.0	4.39
	Average	58.3	1.13
	Low	40.9	0.05
Microlink	247,834	22.5	0.85

(Source: Bloomberg and the latest annual reports of the respective companies)

Notes:

- The list and description of the Comparable Companies are set out in Section 5.5.2 herein.*
- Average daily trading volume for one (1) year up to the Last Trading Day before the Offer.*

As shown in the table above, we note that even as Microlink's public shareholding spread of 22.5% is the lowest in comparison to the Comparable Companies, its share liquidity, measured as the daily volume traded as a percentage of public shareholding spread, ranks the third highest at 0.85%. Thus, when making comparisons of liquidity against the Comparable Companies, Microlink Shares are considered to be relatively liquid, and indicates the demand marketability of the Microlink Shares.

Notwithstanding the above, we note that Microlink Shares' liquidity was largely driven by the Offeror's open market purchases. During the three (3) highest month of daily traded volume were recorded in October 2012, January 2013 and February 2013 respectively, we note that the Offeror was actively purchasing Microlink Shares. The three (3) highest month of trading volume as a percentage of public shareholding spread vis-à-vis the total number of Microlink Shares acquired by the Offeror during the said months is summarised in the following table:

	Volume Purchased by the Offeror in open market	Total Monthly Volume Traded	Percentage of Volume Traded by the Offeror
<u>2012</u>			
October	1,066,000	9,374,100	11.4%
<u>2013</u>			
January	4,753,800	8,265,100	57.5%
February	6,300,000	11,681,400	53.9%

(Source: Company's announcements on Bursa Securities)

5.7.1 KIBB's View

Based on our historical liquidity analysis as set out in Section 5.7 above, we note that Microlink Shares is relatively liquid vis-à-vis the Comparable Companies. Nonetheless, we also note its high trading volumes in the months of October 2012, January 2013 and February 2013 were largely driven by the Offeror's recent open market purchases.

Therefore, we are of the view that no assurance can be made that the liquidity of the Microlink Shares will be maintained after the Closing Date, and thus, the Offer may represent Holders with the opportunity to dispose off their Shares on a wholesale basis immediately at the Offer Price.

Nonetheless, Holders are advised that the liquidity analysis of the Microlink Shares must be assessed in conjunction the other Sections of this IAL, particularly the fairness of the Offer, in order to fully analyse and evaluate the Offer.

5.8 Dividend track record

Upon consultation with the management of the Company, Microlink has no official dividend policy. Nonetheless, we set forth as follows the dividends paid out by the Company for the past three (3) years since FYE 2010 to FYE 2012:

FYE 31 December	2010	2011	2012
Gross dividend (RM '000)	1,274	1,274	5,339
Gross dividend per share (sen) ¹	1.0	1.0	4.0 ²
Net dividend per share (sen)	1.0	1.0	4.0 ²
Net dividend yield (%) ³	8.8	8.8	8.6 ⁵
Dividend payout (%) ⁵	68.3	65.7	72.6 ²

(Source: Microlink's annual report and latest financial statement)

Notes:

- 1 Tax exempt dividend.
- 2 Including the Final Dividend.
- 3 Calculated based on the respective financial year's VWAP.
- 4 Calculated based on the one (1) year VWAP up to the Last Trading Day before the Offer.
- 5 Calculated based on the respective financial year's PATMI.

Based on the table above, we note that Microlink has consistently paid dividends during the period under review, with its dividend payout ranging from 68.3% to 72.6%, which translates into a net dividend yield ranging from 8.6% to 8.8%, with a three (3) year average of 8.7%.

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We have also analysed the three (3) year average net dividend yield of Microlink vis-à-vis the Comparable Companies and the benchmark 10-year Malaysian Government Securities (“MGS”), of which is set out as follows:-

Comparable Companies ¹	3 year Average Net Dividend Yield ² (%)
Heitech Padu	1.8
Excel Force MSC	6.4
Rexit	3.9
Cuscapi	3.2
Opensys	6.9
Ariantec	0.0
Ingenuity consolidated	0.0
High	6.9
Average	3.2
Low	0.0
10-year MGS ³	3.7
Microlink	8.7

(Source: Bloomberg and the respective Comparable Companies' annual reports)

Notes:

- 1 The list and description of the Comparable Companies are set out in Section 5.5.2 herein.
- 2 Calculated based on the respective financial year's VWAP.
- 3 Yield for MGS is in the form of coupon payment.

Based on the table above, we note that Microlink's three (3) years average net dividend yield of 8.7% is higher than the Comparable Companies' three (3) years average net dividend yield and the 10-year MGS yield of 3.7%.

5.8.1 KIBB's View

Our analysis of the dividend track record of the Company reveals that the Company have generated yield through dividend payments at an average net dividend yield of 8.7% per annum over three (3) years. This is higher than the Comparable Companies three (3) years average net dividend yield of 3.2% and the 10-year MGS yield of 3.7%.

Microlink has consistently declared dividends for the past three (3) financial years and subject to any unforeseen circumstances may continue to declared dividends in the future. Therefore, in the event the Holders reject to Offer and continue to hold Microlink Shares, they may have the opportunity to be entitled to future dividend payouts.

However, we wish to highlight to the Holders that dividend yield is only one aspect of the total return to shareholders, and the above analysis are by no means an indication of certainty of income yields, particularly given that the Company has no official dividend payout policy. Holders should also consider potential capital gains from the increase in market prices and their respective risk profile before deliberating on the Offer.

6. INDUSTRY AND FUTURE OUTLOOK

In evaluating the prospects of the Microlink Group, we have considered the overview and prospects of the Information Technology sector in general and the financial services and Islamic finance sector in particular, in view of the industries and products in which Microlink is primarily involved and provides.

6.1 Overview of the Financial Services Sector

Development initiatives in 2012 continued to focus on further enhancing the critical role of the financial sector in harnessing Malaysia's long-term growth potential. An important part of this involved promoting sound conditions for the intermediation of funds to new growth areas and strengthening Malaysia's inter-linkages with regional and international economies as outlined in the Financial Sector Blueprint 2011-2020. The enactment of the new Financial Services Act 2013 (FSA) and Islamic Financial Services Act 2013 (IFSA) supports and strengthens the preconditions for these efforts.

Domestic banking groups continued to extend their regional footprint, with overseas operations in 21 countries, from 19 previously. Efforts to deepen regional financial integration also gained further momentum under the ASEAN Financial Integration Framework. ASEAN member countries are in the final stages of launching a banking sector integration framework that will support a more dynamic and meaningful role by qualified ASEAN banks in the region. The launch of a pilot platform for the cross-border investment and settlement of debt securities under a joint initiative by the Bank, the Hong Kong Monetary Authority and Euroclear Bank will enable investors and market intermediaries to access bond markets in Malaysia and Hong Kong more efficiently, in turn contributing to the further deepening of the Asian bond markets. The commitment to develop well-functioning bond markets in the region was strengthened further with the agreement by ASEAN+3 member countries to adopt a new roadmap pursuant to the Asian Bond Market Initiative.

(Source: Financial Stability and Payment Systems Report 2012, Bank Negara Malaysia)

6.2 Overview of the Islamic Finance Sector

The Islamic banking sector continued its growth trajectory, recording a double-digit growth of 13.8% in total assets, to account for 23.8% of total assets in the overall banking system (including DFIs). As Malaysia's Islamic financial system transitions to become more international in orientation, the volume of foreign currency business, including those conducted by the International Islamic Banks and International Currency Business Units, has increased over the years. There are now 16 Islamic banking institutions in Malaysia that operate as separate subsidiaries and 10 Islamic banking operations conducted through windows as at end-2012. In the takaful sector, total assets of takaful funds grew by 12.4% to RM19 billion, while total takaful contributions accounted for 13.6% of total premiums and contributions in the insurance and takaful industry. Despite the challenging global environment, sukuk issuances in Malaysia remained strong, with a series of notable multi-currency sukuk issuances by multinationals, corporations and multilateral agencies. As a result, Malaysia continued to be a key participant in the global sukuk market, with sukuk issued in Malaysia accounting for 74% of total global sukuk issuances (2011: 71.6%). Malaysia also continues to have one of the largest US dollar-denominated sukuk markets globally.

(Source: Financial Stability and Payment Systems Report 2012, Bank Negara Malaysia)

6.3 Overview of the Information Technology Industry

The year 2012 has been both challenging and rewarding year for the ICT industry. In 2012, the total industry revenues for the ICT industry is projected to hit RM57 billion. This represents an increase of nearly 10 percent from the RM52 billion achieved in the preceding year. During this period, the economic slowdown in Euro zone along with the slow growth witnessed in the United States of America considerable impact on the country's ICT exports. Nonetheless, the country's ICT industry remained resilient driven by the availability of growth opportunities nearer to home. Malaysia's increasing ICT trade within Asia and other emerging markets, specifically Indonesia, the People's Republic of China ("**China**"), Vietnam and other Association of South East Asia Nations ("**ASEAN**") helped buoyed demand for Malaysia's ICT exports. ICT spending on software in these markets remained robust driven by strong businesses uptakes of software tools and applications as they implement cost-reduction strategies. Meanwhile, other segments within the ICT sector, notably outsourcing, shared services, data communication and e-commerce continued to register sustained demand driven by private sector investments, government initiatives and the sustained necessity for ICT products and services even in trying economic times.

According to the Association of the Computer and Multimedia Industry of Malaysia ("**PIKOM**"), the annual industry revenue for the ICT industry in Malaysia is projected to hit RM95 billion by 2017 based on a conservative, estimated CAGR of 10 percent. Continued growth is expected due to the Government-led focus, contribution from strong industry players from the IT and communications sectors (among which are global brand names like Intel Corporation, Microsoft Corporation, Dell Inc., Axiata Group Berhad and others), an increasing number of successful ICT start-ups and SMEs, and also from the general demand for ICT products and services from increasingly tech-savvy Malaysian consumers. Overall, the ICT industry is foreseen to continue playing a vital role to Malaysia's development, not only as a revenue and investment generator, but also as a tool to increase the productivity and efficacies of other industries and ultimately enhance their global competitiveness. The industry is also expected to generate growth in jobs for skilled workers and move Malaysia towards achieving its vision of a knowledge economy.

The historically strong performance of the Malaysian ICT sector is also expected to continue into the future with certain trends expected to occur in the medium term:

- Continued Rise in IT Expenditure to Spur Industry Growth.
- Growth in Telecommunications Expenditure.
- Cloud Computing to Become a More Important Service Provider.
- Fraud Prevention Remains a Key Growth Driver from the Financial Services Sector.

(Source: Annual Report 2011/2012, PIKOM)

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6.4 Overview and Prospects of Microlink

Effective 1 April 2012, CAIT, has been appointed as the primary country representative of CA Technologies in bringing its solutions and support services to Malaysia. CAIT will also manage the CA Technologies partner and customer ecosystem in Malaysia, ensuring seamless connectivity between the business needs of the partner and user community and the industry leading solutions provided by CA Technologies.

CA Technologies is an IT management software and solutions company with expertise across all IT environments – from mainframe and distributed, to virtual and cloud. CA Technologies manages and secures IT environments and enables customers to deliver more flexible IT services. CA Technologies innovative products and services provide the insight and control essential for IT organisations to power business agility. The majority of the Global Fortune 500 relies on CA Technologies to manage evolving IT ecosystems.

The efforts of the Board of Directors in this partnership had marked a major milestone for the Group to diversify away from single source revenue and enhance its products offering from core banking solutions to software for management infrastructure.

(Source: Chairman's statement in Microlink's Annual Report 2012)

With the appointment of CAIT as the as the primary country representative partner of CA Technologies, Microlink group has enhanced its products offering from core banking solutions to software for management infrastructure and also created synergistic benefits in the form of enhanced operational efficiency from cross-selling to a wider client base, complementary strengths in products and services, as well as innovative and competitive range of solution offerings. To date, CAIT is progressing well with an encouraging pipeline. It is expected to contribute positively after the gestation period.

The Group is also vigorously involved in promoting outsourcing and managed services in Malaysia and Indonesia. With the nature of client demands changing, outsourcing is beginning to play a key role in meeting customer requirements today. The Group is actively engaging in identifying and securing multi-year outsourcing projects within the banking industry to ensure strong recurring income. At present, the Group has deployed a team of marketing and technically experienced personnel to the Group's Jakarta's office, to enhance the Group's capabilities in penetrating into the large potential market in Indonesia.

In addition, the Microlink Group had over the years actively explored potential investment opportunities to strengthen its revenue stream by identifying external business segments that would enhance and compliment as well as provided synergistic value add to the Microlink Group. This strategy would centre on businesses that focus on, including but not limited to; IT gadgets retail, enterprise solutions and system integration, hardware and software distributorships, as well as acquisitions of software to integrate with its banking solutions.

Nonetheless, any proposals in identifying investment potentials are still preliminary, and the Board will continue their efforts in this area and hopeful to enhance the value of Microlink group.

The Board anticipates that the Group will continue to achieve good performance for the next financial year as the implementation of several turnkey projects secured in the current year will continue in 2013. Moreover, the Group plans to convert some opportunities from its healthy sales pipeline to new orders.

(Source: Management of Microlink)

6.5 KIBB's View

Based on the evaluations as set out in Section 6 above, the favourable factors for the Malaysia's Islamic banking and financial industry, of which are key target sectors of the Microlink Group, should remain optimistic. Several turnkey projects secured in FYE 2012 will continue in 2013, and moreover, the Group plans to convert some opportunities from its healthy sales pipeline to new orders.

With current secured turnkey projects and potential pipeline of projects, we are of the view that prospects of the Microlink Group would remain positive over the next two (2) years. Additionally, CAIT has been in operations for about a year and is expected to contribute positively after its gestation period.

Thus in by rejecting the Offer, the Holders may continue to participate on the future growth potential of the Company.

7. RATIONALE FOR THE OFFER

We have evaluated the rationale of the Offer, as disclosed in Section 3 of the Offer Document and we note that the Offer is undertaken to increase the equity interest of the Offeror in Microlink. We note that the FRB Group and the Microlink Group are currently operating in the same core business.

KIBB's View

We also note that the Offer will enlarge the scale and size of the FRB Group and the Microlink Group, and allow the enlarged group to remain competitive in the fast changing and dynamic ICT sector. The enlarged group will also be in a better position to capitalise on the expected growth in the Malaysian economy and ICT activities in the coming year.

Notwithstanding the above, it should be noted that the expected synergy and the future prospects of the resultant enlarged group upon completion of the Offer, will still be subjected to the success of the integration process to be implemented by the enlarged group and the vagaries of the ICT sector.

Holdes should also note that there is no assurance of the immediate success of the integration of Microlink into the FRB Group, and we are of the view that such success depends on the future plans for the Microlink Group and the retention of key management by the Offeror, details of which is elaborated in Section 8.2.3.

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8. OTHER CONSIDERATIONS

8.1 No other competing Offer

As at the LPD, save for the Offer from the Offeror, we note that the Board has not received any competing offer for Microlink Shares nor any other offer to acquire the assets and liabilities of Microlink. Additionally, the Board does not intend to seek an alternative person to make a take-over offer for Microlink Shares.

8.2 The Offeror's Plans for Microlink

In evaluating the Offer, it is pertinent to consider the Offeror's plans for Microlink, the details of which are set out below:

- i) listing status of Microlink;
- ii) compulsory acquisition and rights of Holders; and
- iii) the Offeror's future plans for Microlink.

8.2.1 Listing status of Microlink (As extracted from the Offer Document)

Under Paragraph 8.02(1) of the Listing Requirements, to maintain the continued listing of the Microlink Shares, Microlink must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. Bursa Securities may accept a percentage lower than 25% of the total listed shares if it is satisfied that such lower percentage is sufficient for liquid market.

A listed corporation which fails to maintain the required shareholding spread may request for an extension of time to rectify the situation. Where no extension of time is granted by Bursa Securities, Bursa Securities may take or impose any type of action or penalty pursuant to Rule 16.19 of the Listing Requirements for a breach of Rule 8.02(1) of the Listing requirements an suspend trading in the securities of the listed corporation pursuant to Rules 16.02 and 16.19 of the Listing Requirements.

In relation to a take-over offer for the acquisition of the listed shares of a listed corporation pursuant to the Code, upon 90% or more of the listed shares of the said listed corporation being held by a shareholder either individually or jointly with associates of the shareholder, an immediate announcement must be made by the listed corporation. Upon such immediate announcement, Bursa Securities shall:

- (i) in the case where the listed corporation does not intend to maintain listing status, suspend the trading in the listed corporation's securities immediately upon the expiry of 5 market days from the date of the immediate announcement. Thereafter, in accordance to Rule 16.07 of the Listing Requirements, the listed corporation may withdraw its listing from the Official List of Bursa Securities; or
- (ii) in the case where listed corporation intends to maintain the listing status, suspend the trading in the listed corporation's securities immediately upon the expiry of 30 market days from the date of the immediate announcement. The suspension will only be uplifted upon full compliance with the required public shareholding spread or as may be determined by Bursa Securities.



On 13 March 2013, Microlink announced the Non-Compliance with Public Shareholding Spread. **It is the intention of FHB to maintain the listing status of Microlink subsequent to the Offer.** Consequently, the board of the Offeror will endeavour to place out sufficient number of Microlink Shares or procure Microlink to carry out a subsequent corporate exercise in order to rectify the Non-Compliance with Public Shareholding Spread within three (3) months from the Closing Date. Amongst the possible measures that may be undertaken by FHB include, but not limited to, implementing an employee share scheme and placing out Microlink Shares received vide the Offer to third-party investors. It should be noted that the number of Microlink Shares to be placed out may increase in tandem with the quantum of acceptances received by FHB and its PAC under the Offer. In the event that the Offeror and its PAC are unable to rectify the Non-Compliance with Public Shareholding Spread requirement, Bursa Securities may at its discretion suspend the trading of Microlink Shares from the Official List of Bursa Securities.

On 17 April 2013, Microlink had announced that Bursa Securities vide its letter dated 15 April 2013 granted an extension of time of six (6) months from 28 February 2013 until 27 August 2013 to comply with the public shareholding spread requirement pursuant to Rule 8.02(1) of the Listing Requirements.

As at the Offer Document LPD, no arrangements to rectify the Non-Compliance with Public Shareholding Spread have been made. As at the Offer Document LPD, the public shareholding spread of Microlink is 21.57%.

Holders should note that the ability of the Offeror to rectify the Non-Compliance with Public Shareholding Spread is subject to market vagaries and potential approval from relevant authorities. Therefore, whilst the Offeror intends to rectify the Non-Compliance with Public Shareholding Spread, there can be no assurance that the relevant authorities will grant the extension of time or that it will indeed be able to do so within the timeframe as allowed by the relevant authorities.

KIBB's View

As at the LPD, FHB directly holds 39,044,600 Microlink Shares representing 29.22% equity interest in Microlink. We take note of the Offeror's intention to retain the listing status of Microlink and to take steps to rectify the Non-Compliance with Public Shareholding Spread within three (3) months of the Closing Date of the Offer.

As at the Offer Document, the public shareholding spread of the Company stands at 21.57%. In the event the Offer becomes unconditional, the Offeror shall increase its shareholdings in the Company by at least 20.78%, and may further reduce the Company's public shareholding spread. Under such circumstance, Bursa Securities may suspend the trading in Microlink's Shares immediately upon the expiry of 30 market days from the date of such announcement. The suspension will only be uplifted upon full compliance with the required public shareholding spread or as may be determined by Bursa Securities.

In addition, in the event the Offer becomes unconditional, the FHB shall emerge as a new controlling shareholder of Microlink and the Microlink Group shall become subsidiaries of the FRB Group, upon which the FRB Group would have the rights to nominate persons to be appointed as new Directors for Microlink and effect any changes to the structure and business direction of Microlink. As such, the success of the Microlink Group upon becoming the subsidiary of FHB shall depend largely on the Offerors' future plans for the Microlink Group, as elaborated in Section 8.2.4 below.

As at the Offer Document LPD, the Offeror has not received any irrevocable undertaking from any Holder to accept the Offer.

As at the LPD, no announcement on the level of valid acceptance of the Offer has been made by RHB Investment Bank on behalf of the Offeror.

8.2.2 Compulsory acquisition and Rights of Holders *(As extracted from the Offer Document)*

Section 222(1) of the CMSA provides that subject to Section 224 of the CMSA, where a take-over offer by an offeror to acquire all the shares or all the shares in any particular class in an offeree has, within four (4) months after the making of the take-over offer, been accepted by the holders of not less than nine-tenths (9/10) in the nominal value of those shares or of the offeror or persons acting in concert), the offeror may at any time within two (2) months from the date the nine-tenths (9/10) in the nominal value of those shares having been achieved, give notice in the manner prescribed under the Code to any dissenting shareholder that it desires to acquire his or its shares ("**Notice to Dissenting Shareholder**") together with a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

If the Offer has been accepted by the Holders of not less than nine-tenths (9/10) of the nominal value of the Offer Shares (excluding the Microlink Shares already held at the date of the Offer by FHB and its PAC), **the Offeror does not intend to invoke Section 222(1) of the CMSA to compulsorily acquire any outstanding Offer Shares for which valid acceptances have not been received prior to the Closing Date.**

Notwithstanding the above, if FHB and its PAC receive acceptances from the Holders resulting in FHB and its PAC holding not less than nine-tenths (9/10) in the nominal value of the existing issued and paid-up share capital of Microlink on or before the Closing Date, a Dissenting Holder may exercise his or its rights, pursuant to Section 223(1) of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire his or its Offer Shares on the same terms as set out in the Offer Document or such other terms as may be agreed upon by the Offeror and the Dissenting Holder concerned.

If the Dissenting Holder invokes the provisions of Section 223(1) of the CMSA, the Offeror shall acquire such Offer Shares held by the Dissenting Holders in accordance with the provisions of the CMSA, subject to the provisions of Section 224(1) of the CMSA. In accordance with Section 224(3) of the CMSA, when a Dissenting Holder exercises his or its rights under Section 223(1) of the CMSA, the court may, on an application made by such Dissenting Holder or by the Offeror, order that the terms on which the Offeror shall acquire such Offer Shares shall be as the court thinks fit.

KIBB's View

Please note that the Offeror holds directly 39,044,600 of Microlink Shares, representing approximately 29.22% of the issued and paid-up share capital of Microlink as at the LPD.

In the event the Offeror receives acceptances resulting in it and its PAC holding approximately not less than 85,140,918 Microlink Shares on or before the Closing Date as set out in the Offer Document, the Offeror does not intend to invoke the provision of Section 222 of the CMSA to compulsorily acquire any remaining Offer Shares for which acceptances have not been received.

Notwithstanding the above, a Dissenting Holder may exercise his or its rights under Section 223(1) of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire his or its Microlink Shares on the same terms as set out in the Offer Document or such other terms as may be agreed between the Offeror and such Dissenting Shareholder, subject to Section 224(1) of the CMSA.

We wish to advise that if the Holders become entitled to exercise their rights under Section 223(1) of the CMSA, the Holders should consult their legal adviser immediately upon the closing of the Offer.

Please refer to Section 6 of the Offer Document for further details on compulsory acquisition.

8.2.3 The Offeror's Future Plans for Microlink (As extracted from the Offer Document)

We take note of the Offeror's intention, with respect to the future plans for the Microlink Group within the next twelve (12) months after the Closing Date, as set out in Section 7 of the Offer Document and summarised as follows:

(a) Continuation of Microlink Group's business

The Offeror intends to continue with the Microlink Group's existing businesses and operations and the Offeror may review the corporate structure and businesses of the Microlink Group from time to time and may introduce or effect change to the structure of the Microlink Group. The Offeror has no intention to liquidate Microlink.

(b) Major Changes to Microlink Group's business

The Offeror does not have any plan or intention to make any major change to the structure of the Microlink Group and/or sell the major assets or re-deploy the fixed assets of the Microlink Group except where such change, disposal and/or redeployment is necessary to rationalise the business activities of the Microlink Group or to improve the utilisation of the Microlink Group's resources.

(c) Employees of Microlink Group

The Offeror intends to maintain the current employees and would not make redundant the employees of the Microlink Group as a direct consequence of the Offer, and would continue with the human resource policies for the daily operational and administrative requirements of the Microlink Group. Nevertheless, there will be continuous constructive measures to improve the efficiency of operations and optimise staff productivity of the Microlink Group. In any event, any such action taken will be dealt with in accordance with the relevant legislation and terms of employment of the affected staff, if any.

KIBB's View

While the Offeror does not plan to liquidate the Microlink Group, the Offeror however may review the corporate structure and business of the Microlink Group, which could ultimately result in improvement in its financial positioning and operational efficiency. However, the plans are not specific and contain no definitive timeline, and thus, there exist no certainty of the expected results as afore mentioned.

Holders should also note that there is no assurance of the immediate success of the integration of Microlink into the FRB Group, and we are of the view that such success depends on the optimum mix of rationalised business resources and the timely maintenance of key personnel from the Microlink Group.

Notwithstanding the above, with the current secured turnkey projects and potential pipeline of projects as well as the prospects of the Company, as highlighted in Sections 5.5 and 6.4 above, we are of the view that prospects of the Microlink Group would remain positive over the next two (2) years.

Holders are also advised to refer to the Non-Interested Directors' recommendation as set out in Section 9 Part A of this IAC in respect of the above matter.

8.3 ESOS

The Option Holders are advised to make reference to the exercise price of their respective ESOS Options in view of the Offer.

Pursuant to by-law 11.1(i) of the ESOS By-laws, in the event of the Offer becoming or being declared unconditional, notwithstanding the requirements under by-law 9 (Exercise of Options) of the ESOS By-laws, the Option Holders shall be entitled to exercise in full or in part any unexercised Option granted to the Option Holders (including Options which have been granted but have not been vested on the date the Offer becomes unconditional), within such period to be determined by the Option Committee. In the event the Option Holders fail to exercise their Options or elects to exercise only part of their Options, then any Option to the extent unexercised by the expiry of the period determined by the Option Committee shall automatically lapse and be null and void.

The Option Holders must validly exercise their ESOS Options in accordance with the ESOS By-laws for the ESOS and be allotted and issued new Shares before the First Closing Date, or any other extension thereafter. In this respect, only Option Holders who have been allotted and issued new Shares pursuant to such exercise before the close of the Offer shall be entitled to accept the Offer.

The details of the outstanding ESOS Options as at the LPD are as follows:

Granted in	Exercisable from	Exercise price	Outstanding ESOS Options	Vested	To be Vested
April 2006	27 April 2007	49 sen	859,100	859,100	-
April 2007	27 April 2008	46 sen	106,480	106,480	-
August 2011	26 August 2012	13 sen	3,944,100	180,500	3,763,600 ^{1,2}
Total			4,909,680	1,146,080	3,763,600

Notes:

- 1 1,879,900 ESOS Options to be vested on 26 August 2013.
- 2 1,883,700 ESOS Options to be vested on 26 August 2014.

9. FURTHER INFORMATION

We further advise the Holders to refer to the enclosed Appendices of the IAC for further information on Microlink, the Offeror and any other relevant information.

10. CONCLUSION AND RECOMMENDATION

The advice of KIBB as contained in this IAL is addressed to the Holders at large and not to any particular Holders. Accordingly, in providing the advice, we have not taken into consideration any specific investment objectives of any individual Holder or any specific group of Holders. We recommend that any individual Holder or any specific group of Holders who may require advice in the context of their objectives, financial situation and particular needs should consult their respective professional advisers immediately.

We have assessed and evaluated the terms of the Offer and have set out our evaluation in Section 5 of this IAL. The Holders should consider carefully the merits and demerits of the Offer based on all relevant and pertinent factors including those set out below and other consideration as set out in the IAL and the Offer Document.

In arriving at our opinion on the Offer, we have taken into consideration various pertinent factors as follows:

Fairness of the Offer

(i) Market Valuation Analysis

Offer Price represents an Offer P/E and EV/EBITDA of 10.9 times and 6.1 times, respectively, which is below its one (1) year market valuations of 16.2 times (P/E) and 15.1 times (EV/EBITDA). Therefore, in accepting the Offer, Accepting Holders are effectively realising their investment in Microlink at a discount over its own historical traded market valuations.

While the valuations presented by the Offer is within the range of the Comparable Companies' market valuations, the Offer P/E and Offer EV/EBITDA is on the lower range of the Comparable Companies' market valuations, despite the Company's current healthy financial performance and financial position.

We note that although the historical financial performance of the Microlink Group had outperformed the Comparable Companies, the Offer P/E and Offer EV/EBITDA are based on valuations which are lower than the average one (1) year market valuations of the Comparable Companies of over of 11.9 times (P/E) and 6.5 times (EV/EBITDA).

Moreover, we opine that the Offer Price had not truly reflected the net cash position of the Company, as Microlink's net cash position as at FYE 2012 of 13.7 sen per Share, represents 22.8% of the Offer Price. Thus, excluding the Company's net cash, the Offer Price would only value the Company at 8.4 times P/E, which is on the lower range of the P/E of the Comparable Companies.

We are also of the view the P/BV is not an appropriate relative valuation benchmark for Microlink, as we note that 70.2% of the Company's assets are in the form of receivables as well as cash and equivalents. Therefore, for asset-light companies such as Microlink, earnings based valuations represents the most suitable relative market valuation analysis.

(ii) Fair Value of Microlink Shares

The comparison of the Offer Price vis-à-vis the fair value of Microlink Shares is as follows:-

Valuation Methodology	Fair Value	Fair Value per Share	Premium/(Discount) of Offer Price over Fair Value	
	(RM '000)	(RM '000)	RM	%
EV/EBITDA	104,082 to	0.78	(0.18)	-23.0
	120,768	0.90	(0.30)	-33.6

The Offer Price represents a discount of between 23.0% and 33.6% to the EV/EBITDA based fair value per Share of between RM0.78 and RM0.90.

As a counter-check to the EV/EBITDA based fair value, we had derived a P/E based valuation of Microlink Shares of between RM0.74 to RM1.07 per Share.

We had elected the EV/EBITDA as the most appropriate valuation multiple due to Microlink's net cash position of 13.7 sen per Share, or 22.8% of the Offer Price, as the EV/EBITDA valuation multiple is capital structure neutral, and, therefore, will not be affected by changes and dissimilarities in capital structure whilst comparing to the Comparable Companies with varying market capitalisation.

Base on the foregoing, we are also of the view that the Offer Price had not truly reflected the net cash position of the Company and thus, undervalues the Company.

(iii) Historical Share Price Analysis

The Offer Price represents a minimal premium ranging from RM0.02 (2.9%) to RM0.169 (13.0%) per Microlink Share over the five (5) day up to the six (6) months VWAPs, up to the Last Trading Day before the Offer. The Offer Price is also only at par to the last traded market price of Microlink Share of RM0.60.

Notwithstanding the above, Microlink Shares had been trading below the Swap Price of RM0.22, save for the period of 28 September 2012 to 5 October 2012, prior to the termination of the HOA, and we believe the HOA had limited the buying interest in Microlink Shares above the Swap Price of RM0.22 per Share.

Thus, the premium of the Offer Price over the VWAP of one (1) year of 40.2% may present an opportunity for long-term investors of Microlink Shares to realise investments in Microlink Shares at large premium, especially if they intend to dispose large number of shares at the Offer Price.

Based on the evaluations as analysed above, the Offer Price is below the fair value of Microlink Shares and had not truly reflected the strong net cash position of the Company. Moreover the Offer P/E and Offer EV/EBITDA are at the lower range of the Comparable Companies market valuations and is at a minimal premium to its historical VWAPs, save for the VWAP over one (1) year up to the Last Trading Day before the Offer, and therefore KIBB is of the view that the Offer is **NOT FAIR**.

Reasonableness of the Offer

(i) Historical Performance of the Microlink Group

We are of the opinion that the Microlink Group had outperformed the historical financial performance of the Comparable Companies based on the ROE and CAGR analysis, and based on current secured turnkey projects and potential project order book, Microlink is expected to continue its earnings growth momentum over the next two (2) years.

Based on the foregoing and based on the assumption that the increasing financial performance trend of the Company vis-à-vis the Comparable Companies is expected to continue, the future price Microlink Shares could potentially reflect its strong financial fundamentals.

Thus in by rejecting the Offer, the Holders may continue to participate on the future growth potential of the Company.

(ii) Precedent Take-Over Analysis

The premiums presented by the Offer Price were significantly below the averages of the premiums offered by the Recent Take-Over Offers based on the five (5) day, one (1) month, three (3) months and six (6) months VWAPs, respectively.

Therefore, based on the foregoing analysis of the Offer Price vis-à-vis the Recent Take-Over Offers, the Offer Price's premiums over the said period are low and unreasonable.

However, the premium of the Offer Price based on the one (1) year VWAP of 40.2% is higher than the average of the Recent Take-Over Offers of 37.5%, and may present an opportunity for long-term investors of Microlink Shares to realise investments in Microlink Shares at a reasonable premium.

(iii) Liquidity Analysis

Microlink Shares are relatively liquid vis-à-vis the Comparable Companies. However we note its trading volumes were largely driven by the Offeror's open market purchases. Therefore, no assurance can be made that the liquidity of the Microlink Shares will be maintained after the Closing Date, and thus, the Offer may represent Holders with the opportunity to dispose off their Shares on a wholesale basis immediately at the Offer Price.

(iv) Dividend Track Record

The Company's three (3) year average net dividend yield of 8.7% is higher than the average net dividend yield of the Comparable Companies of 3.2% and the 10 year MGS yield of 3.7%, and thus, Holders are yielding a return on investment from dividends which are above the dividend returns of similar companies and the risk-free rate.

Henceforth, in the event the Holders reject the Offer and continue to hold Microlink Shares, they may have the opportunity to be entitled to future dividend payouts.

However, dividend yield is only one aspect of total return to shareholders and Holders should also consider the potential capital gains derived from any price appreciation in Microlink Shares.

(v) Prospects of the Microlink Group

The favourable factors for the Malaysia's Islamic banking and financial industry, of which are key target sectors of the Microlink Group, remain optimistic. Several turnkey projects secured in FYE 2012 will continue in 2013, and moreover, the Group plans to convert some opportunities from its healthy sales pipeline to new orders.

With current secured turnkey projects and potential pipeline of projects, we are of the view that prospects of the Microlink Group would remain positive over the next two (2) years. Additionally, CAIT has been in operations for about a year and is expected to contribute positively after its gestation period.

(vi) Other Considerations

- a. The Offer will enlarge the scale and size of the FRB Group and the Microlink Group, and the enlarged group may be in a better position to capitalise on the expected growth in the Malaysian economy and ICT activities in the coming year.

Nonetheless, the synergy and the future prospects of the enlarged group will still be subjected to the success of the integration process to be implemented.

- b. The Board has not received any competing offer for Microlink Shares or any other offer to acquire the assets and liabilities of the Company.
- c. In the event of the Offer becomes unconditional, the FHB shall emerge as a new controlling shareholder of Microlink and the Microlink Group shall become a subsidiary of the FRB Group.
- d. The Offeror do not plan to liquidate the Microlink Group, however may incorporate strategic planning, review the corporate structure of the Microlink Group to rationalise the business, which may ultimately result in improvement in its financial positioning operational efficiency. However, the plans are not specific and contain no definitive timeline, and thus, there exist no certainty of the expected results as afore mentioned.

Holders should also note that there is no assurance of the immediate success of the integration of Microlink into the FRB Group, and we are of the view that such success depends on the optimum mix of rationalised business resources and maintenance of key personnel from the Microlink Group.

Premised on the above, In the event the Offer becomes unconditional and the Offeror and its PAC hold more than 50% interest in Microlink, we are of the view that the uncertainty of the future plans for the Company by the Offeror represents risk associated with the entry of a new controlling shareholder in the Company and the implementation of the integration process of the enlarged group. As we make reference to the Company's prospects under the current management of Microlink, we are of the view that the said prospects may be at risk as a result of a possible changes in direction and key management of the Microlink Group.

As set out in the above assessments, the demerits of the Offer, in particular that the Offer Price's premiums are significantly lower than the average premiums of the Recent Take-Over Offers as well as the risks associated with the uncertainty of the future plans for the Company by the Offeror and entry of a new controlling shareholder holding more than 50% interest in the Company in the event the Offer becomes unconditional, may result in possible changes in current business direction and management, despite the current visible and healthy prospects of the Company, outweighs the merits of the Offer, and therefore KIBB is of the opinion that the Offer is **NOT REASONABLE**.



BASED ON THE FOREGOING EVALUATIONS OF THE OFFER, KIBB RECOMMENDS THAT THE HOLDERS REJECT THE OFFER FOR THE OFFER SHARES.

Yours faithfully,

For and on behalf

KENANGA INVESTMENT BANK BERHAD

ROSLAN HJ TIK
Executive Director, Head
Group Investment Banking

CHAY WAI LEONG
Managing Director

APPENDICES

APPENDIX I – INFORMATION ON MICROLINK

1. HISTORY AND BUSINESS

Our Company was incorporated in Malaysia on 7 July 2003 under the Act as a private limited company under the name of M-Cape Holdings Sdn Bhd. On 22 September 2004, our name was changed to Microlink Solutions Sdn Bhd and subsequently on 4 March 2005, we were converted into a public limited company under our present name. On 23 June 2006, Microlink was listed on the Mesdaq Market of the then Kuala Lumpur Stock Exchange (now known as the ACE Market of Bursa Securities).

The principal activities of Microlink are investment holding and provision of research and development on information technology solutions to the financial services industry. Through its subsidiaries, Microlink is involved in the following:

- (i) provision of information technology solutions to the financial services industry and dealing in related products;
- (ii) trading and marketing of computer software programs and products;
- (iii) provision of research and development for information technology solutions to the financial services industry;
- (iv) providing consultancy services in supporting and modifying banking software; and
- (v) distribution of licenses and services related to CA Technologies Inc., a provider of IT management software and solutions (including distribution and maintenance of computer equipment).

Further information on the principal activities of its subsidiaries and associated companies are set out in Section 5 of this Appendix.

2. SHARE CAPITAL

The authorised, issued and paid-up share capital of Microlink as at the LPD is as follows:

	No. of Microlink Shares	RM
Authorised share capital		
Ordinary shares of RM0.10 each	250,000,000	25,000,000
Issued and paid-up share capital		
Ordinary shares of RM0.10 each	133,645,620	13,364,562

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APPENDIX I – INFORMATION ON MICROLINK

3. SUBSTANTIAL SHAREHOLDERS

The substantial shareholders of Microlink who holds 5% or more equity interest in Microlink based on the Record of Depositors as at the LPD are as follows:

Name	Direct		Indirect	
	No. of Microlink Shares	%	No. of Microlink Shares	%
FHB	39,044,600	29.22	-	-
FRB	-	-	39,044,600 ⁽¹⁾	29.22
Red Zone Development Sdn Bhd	-	-	39,044,600 ⁽²⁾	29.22
Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr. Hj. Megat Khas	-	-	39,044,600 ⁽²⁾	29.22
Dato' Mah Siew Kwok	-	-	39,044,600 ⁽²⁾	29.22
Monteiro Gerard Clair	-	-	39,044,600 ⁽³⁾	29.22
Wong Kit Leong	-	-	39,044,600 ⁽³⁾	29.22
Raymond Tan	-	-	39,044,600 ⁽³⁾	29.22
Yong Kar Seng Peter	19,498,170	14.59	555,000 ⁽⁴⁾	0.42
Normah bte Raja Nong Chik	555,000	0.42	19,498,170 ⁽⁴⁾	14.59
Phong Hon Voon	14,168,682	10.60	-	-
David Hii Chin Yun	12,677,367	9.49	-	-
Datuk Ali Bin Abdul Kadir	8,450,000	6.32	205,000 ⁽⁵⁾	0.15
Insas Plaza Sdn. Bhd.	7,957,300 ⁽⁷⁾	5.95	-	-
Insas Berhad	-	-	7,957,300 ⁽⁶⁾	5.95

Notes:

- (1) Deemed interested by virtue of FHB being a wholly-owned subsidiary of FRB pursuant to Section 6A of the Act.
- (2) Deemed interest by virtue of his/its substantial shareholding in Formis Resources Berhad pursuant to Section 6A of the Act.
- (3) Deemed interest by virtue of his substantial interest in Red Zone Development Sdn Bhd, which in turn owned 19.84% equity interest in FRB, the holding company of FHB, as at the Offer Document LPD, pursuant to Section 6A of the Act.
- (4) Deemed interest by virtue of spouse's interest pursuant to Section 6A(4) of the Act.
- (5) Deemed interest by virtue of interest in Rio Capital Sdn. Bhd. pursuant to Section 6A(4) of the Act.
- (6) Deemed interest by virtue of interest in Insas Plaza Sdn Bhd pursuant to Section 6A(4) of the Act.
- (7) Insas Plaza Sdn Bhd had acquired 4,900 Microlink Shares through open market purchases on 3 June 2013.

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APPENDIX I – INFORMATION ON MICROLINK

4. DIRECTORS AND THEIR SHAREHOLDINGS

The details of the Directors of Microlink and their respective shareholdings in Microlink as at the LPD are as follows:

Name	Nationality	Direct		Indirect	
		No. of Microlink Shares	%	No. of Microlink Shares	%
Datuk Ali Bin Abdul Kadir	Malaysian	8,450,000	6.32	205,000 ⁽¹⁾	0.15
Yong Kar Seng Peter	Singaporean	19,498,170	14.59	555,000 ⁽²⁾	0.42
Chok Kwee Bee	Malaysian	336,500	0.25	-	-
David Hii Chin Yun	Malaysian	12,677,367	9.49	-	-
Datuk Zainun Aishah Binti Ahmad	Malaysian	400,000	0.30	-	-
Phong Hon Voon	Malaysian	14,168,682	10.60	-	-
Monteiro Gerard Clair	Malaysian	-	-	39,044,600 ⁽³⁾	29.22

Notes:

- (1) Deemed interest by virtue of interest in Rio Capital Sdn. Bhd. pursuant to Section 6A(4) of the Act.
- (2) Deemed interest by virtue of spouse's interest pursuant to Section 6A(4) of the Act.
- (3) Deemed interest by virtue of his substantial interest in Red Zone Development Sdn. Bhd., which in turn owned 19.84% equity interest in FRB, the holding company of FHB, as at the Offer Document LPD, pursuant to Section 6A of the Act.

5. SUBSIDIARIES AND JOINTLY CONTROLLED ENTITY

The subsidiaries and associated companies of Microlink as at the LPD are as follows:

Name of companies	Country of incorporation	Effective equity interest	Principal activities
Subsidiaries of Microlink			
Microlink Systems Sdn Bhd	Malaysia	100.00%	Provision of information technology solutions to the financial services industry and dealing in related products.
Microlink Worldwide Sdn Bhd	Malaysia	100.00%	Provision of information technology solutions to the financial services industry and dealing in related products.
CA IT Infrastructure Solutions Sdn Bhd	Malaysia	100.00%	Trading and marketing of computer software programs and products
Microlink Innovation Sdn Bhd	Malaysia	60.00%	Provision of research and development for information technology solutions to the financial services industry
Microlink Software Sdn Bhd	Malaysia	51.00%	Providing consultancy services in supporting and modifying banking software.
Subsidiaries of Microlink Systems Sdn Bhd and Microlink Worldwide Sdn Bhd			
PT Microlink Indonesia	Republic of Indonesia	100.00%	Provision of information technology solutions to the financial services industry and dealing in related products.

APPENDIX I – INFORMATION ON MICROLINK

The details of the jointly controlled entity are as follows:

Name of companies	Country of incorporation	Effective equity interest	Principal activities
Microlink Middle East Company for Programming and Computer Corporation LLC	The State of Kuwait	50.00%	Provision of information technology solutions to the financial services industry and dealing in related products.

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of Microlink based on the audited consolidated financial statements of Microlink for the past three (3) FYE 2010 to 2012 and unaudited financial results for the three (3)-month FPE 31 March 2013 are as follows:

	←..... Audited→			Unaudited
	FYE 2010	FYE 2011	FYE 2012	3 month FPE 31 March 2013
	RM'000	RM'000	RM'000	RM'000
Revenue	22,453	18,654	42,526	12,372
PBT/ (LBT)	2,410	2,523	7,890	4,040
less: Taxation	(544)	(670)	(827)	(103)
PAT / (LAT)	1,866	1,853	7,063	3,937
PATMI/ (LATMI)	1,865	1,938	7,362	4,041
No. of Microlink Shares in issue ('000)	127,406	127,406	129,097	13,315
Basic EPS (sen)	1.46	1.52	5.77	3.03
Net dividend per Microlink Share (sen)	1.00	1.00	4.00	-
Current ratio (times)	4.00	5.77	1.82	2.26
NA (RM'000)	29,693	30,299	36,368	40,762
NA per Microlink Share (RM)	0.23	0.24	0.28	0.31

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APPENDIX I – INFORMATION ON MICROLINK

7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of Microlink Group based on the audited consolidated statements of financial position of Microlink as at 31 December 2011 and 2012 are as follows:

As at 31 December	2011	2012
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	1,201	1,969
Software Development Expenditure	13,724	13,020
Goodwill on Consolidation	2,818	2,818
Total Non-Current Assets	17,743	17,807
Current Assets		
Trade Receivables	2,778	21,792
Other Receivables, Deposits and Prepaid Expenses	908	1,808
Amount Due From Contract Customers	632	-
Short-term Investments	6,307	10,976
Fixed Deposits with Licensed Financial Institutions	3,124	3,149
Cash and Bank Balances	1,695	4,143
Total Current Assets	15,444	41,868
TOTAL ASSETS	33,187	59,675
EQUITY AND LIABILITIES		
Current Liabilities		
Trade Payables	160	5,480
Other Payables and Accrued Expenses	1,114	5,093
Amount Due to Contract Customers	-	10,579
Deferred Maintenance Income	1,275	1,811
Tax Liabilities	128	50
Total Current Liabilities	2,677	23,013
NET CURRENT ASSET	12,767	18,855
Deferred Liability		
Deferred Tax Liabilities	210	293
TOTAL LIABILITIES	2,887	23,306
NET ASSETS	30,300	36,369
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		
Share Capital	12,741	12,910
Reserves	17,605	23,804
Shareholders' equity	30,346	36,714
Non-controlling Interests	(46)	(345)
TOTAL EQUITY	30,300	36,369
TOTAL EQUITY AND LIABILITIES	33,187	59,675

APPENDIX I – INFORMATION ON MICROLINK

8. SHARE PRICES

Tabulated below are the monthly high and low market prices of Microlink Shares for the past twelve (12) months from 1 May 2012 to the Last Trading Day before the Offer:

	<u>High</u>	<u>Low</u>
	(RM)	(RM)
<u>2012</u>		
May	0.205	0.180
June	0.210	0.195
July	0.210	0.190
August	0.225	0.200
September	0.245	0.210
October	0.410	0.310
November	0.410	0.370
December	0.515	0.380
<u>2013</u>		
January	0.610	0.510
February	0.600	0.550
March	0.645	0.590
April	0.640	0.595
May	0.640	0.580
Last traded price on Bursa Securities on 6 May 2013, being the last trading day prior to the suspension in the trading of Microlink Shares		RM0.60
Last traded price on Bursa Securities as at the LPD		RM0.585

(Source: Bloomberg)

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APPENDIX II – INFORMATION ON FHB (As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document)

The information in this Appendix II has been extracted from the Offer Document. The responsibility of Microlink and the Board is limited to ensuring that such information has been accurately reproduced from the Offer Document. For purposes of this Appendix II, the LPD is defined as at 22 May 2013.

1. HISTORY AND PRINCIPAL ACTIVITIES

FHB was incorporated in Malaysia under the Act on 8 November 1993 as a private limited company under the name of Spectrum Formation Sdn Bhd. It changed its name to Formis Holdings Sdn Bhd on 17 August 1994. On 27 September 1994, it was converted to a public limited company and adopted its present name. FHB is principally involved in investment holding and through its subsidiaries, engages in the following:

- (i) distribution and provision for maintenance for hardware and software;
- (ii) provision of legal, financial and commercial software products as well as services to develop and implement platform-independent software solutions;
- (iii) provision of integrated business solutions based on SAP software and customised solutions which include building automation and management, media publication and broadcasting solutions; and
- (iv) provision of customised system integration of hardware platforms, continuous maintenance and after sales support services.

2. SHARE CAPITAL

As at the LPD, the authorised, issued and paid-up share capital of FHB is as follows:

	<u>No. of FHB Shares</u>	<u>Par Value</u>	<u>Amount (RM)</u>
Authorised	500,000,000	1.00	500,000,000
Issued and fully paid-up	38,500,000	1.00	38,500,000

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APPENDIX II – INFORMATION ON FHB (As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document)

3. SUBSTANTIAL SHAREHOLDERS

As at the LPD, the substantial shareholders of FHB and their respective interests are as follows:

Name	Direct		Indirect	
	No. of FHB Shares	%	No. of FHB Shares	%
FRB	38,500,000	100.00	-	-
Tan Sri Dato' Seri Megat Najmuddin bin Datuk Seri Dr Hj Megat Khas ("TSDSMN")	-	-	38,500,000 ⁽¹⁾	100.00
Red Zone Development Sdn Bhd ("RZDSB")	-	-	38,500,000 ⁽¹⁾	100.00
Monteiro Gerard Clair	-	-	38,500,000 ⁽²⁾	100.00
Wong Kit Leong	-	-	38,500,000 ⁽²⁾	100.00
Raymond Tan	-	-	38,500,000 ⁽²⁾	100.00

Notes:

- (1) Deemed interested by virtue of their substantial interest in FRB pursuant to Section 6A of the Act.
(2) Deemed interested by virtue of their substantial interest in RZDSB, which in turn owns 19.84% equity interest in FRB, the holding company of FHB pursuant to Section 6A of the Act.

4. DIRECTORS

As at the LPD, the Directors of FHB and their respective shareholdings in FHB are as follows:

Name	Nationality	Direct		Indirect	
		No. of FHB Shares	%	No. of FHB Shares	%
Monteiro Gerard Clair	Malaysian	-	-	38,500,000 ⁽¹⁾	100.00
Neo Poh Lian	Malaysian	-	-	-	-
Ahmad bin Khalid	Malaysian	-	-	-	-

Note:

- (1) Deemed interested by virtue of his substantial interest in RZDSB, which in turn owns 19.84% equity interest in FRB, the holding company of FHB pursuant to Section 6A of the Act.

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APPENDIX II – INFORMATION ON FHB (As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document)

5. SUBSIDIARIES AND ASSOCIATED COMPANIES

As at the LPD, the details of the subsidiaries and associated companies of FHB are as follows:

<u>Company</u>	<u>Country of Incorporation</u>	<u>Equity interest held as at the LPD</u>	<u>Principal Activities</u>
<u>Subsidiaries of FHB</u>			
Formis Computer Services Sdn Bhd ("FCS")	Malaysia	100.00%	Provision of computer technology and maintenance of computer hardware and software
Com-Line Systems Sdn Bhd ("CLS")	Malaysia	85.00%	Development of standard application packages and the provision of turnkey solution development services
First Solution Sdn Bhd	Malaysia	51.00%	Distribution and maintenance of computer hardware and software
Diversified Gateway Solutions Berhad ("DGSB")	Malaysia	60.03%	Investment Holding
Formis Media Teknologi Sdn Bhd	Malaysia	65.00%	Inactive
Tera Asia Pacific Sdn Bhd	Malaysia	100.00%	Inactive
Formis Development Sdn Bhd	Malaysia	100.00%	Provision of network connectivity and bandwidth services in Malaysia and project management services in relation to telecommunications
Formis International Limited	Federal Territory of Labuan	100.00%	Inactive
Formis Software Dynamics Sdn Bhd	Malaysia	100.00%	Inactive
PT Formis Solusi Indonesia	Indonesia	100.00%	Inactive
<u>Subsidiaries of FCS</u>			
Formis Network Services Sdn Bhd ("FNS")	Malaysia	100.00%	Provision of information technology services in terms of hardware, software, consultancy and maintenance to telecommunication, oil and gas and government sectors.
Formis Automation Sdn Bhd	Malaysia	100.00%	Automation, installation and maintenance of computer hardware and software and other automated related projects
<u>Subsidiary of FNS</u>			
Formis Niaga Solusi Sdn Bhd	Malaysia	60.00%	Dormant
<u>Subsidiaries of CLS</u>			
Comline Dotcom Sdn Bhd	Malaysia	100.00%	Development of multimedia technology application
Prism Portal Asia Sdn Bhd	Malaysia	100.00%	Dormant

APPENDIX II – INFORMATION ON FHB (As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document)

<u>Company</u>	<u>Country of Incorporation</u>	<u>Equity interest held as at the LPD</u>	<u>Principal Activities</u>
<u>Subsidiaries of DGSB</u>			
Diversified Gateway Berhad	Malaysia	100.00%	Provision of computer networking solutions and system integration
ISS Consulting (Malaysia) Sdn Bhd	Malaysia	100.00%	Advisers and consultants for computer software solutions
ISS Consulting (S) Pte Ltd	Singapore	100.00%	Advisers and consultants for computer software solutions
ISS Consulting (Thailand) Ltd ("ISS(T)")	Thailand	49.00% ⁽¹⁾	Advisers and consultants for computer software solutions.
Rangkaian Ringkas Sdn Bhd	Malaysia	100.00%	Distribution and maintenance of computer networking, network security, storage and network management solutions
PT ISS Consulting Indonesia	Indonesia	100.00%	Inactive
Cogent Business Solutions (S) Pte Ltd	Singapore	100.00%	Inactive
Ledge Consulting Pte Ltd	Singapore	100.00%	Inactive
Cogent Consulting Sdn Bhd	Malaysia	70.00%	Inactive
<u>Associated company of FHB</u>			
Ho Hup Construction Company Berhad	Malaysia	21.66%	Foundation engineering, civil engineering, building contracting works and hire of plant and machinery
Antis Investments S.A.	Luxembourg	49.00%	Provision of media and publishing software globally
Microlink	Malaysia	29.22%	Investment holding and provision of research and development on information technology solutions to the financial services industry

Note:

- (1) In accordance with the Memorandum and Articles of Association of ISS(T), one voting right is attached to every one ordinary share and one voting right is attached to every five preference shares. Based on the existing total issued and paid-up share capital of ISS(T) of 24,500 ordinary shares of THB100 each and 25,500 preference shares of THB100 each, the total voting rights are 29,600 comprising 24,500 voting rights for ordinary shares and 5,100 voting rights for preference shares. DGSB holds 24,500 ordinary shares which carry an equivalents of 24,500 voting rights or 82.77% of the total voting rights in ISS(T). As DGSB has control over ISS(T), the financial statements of ISS(T) are consolidated into the FHB Group's financial statements. Based on the FHB Group's equity interest in the ordinary shares of ISS(T), the FHB Group's share in the result of ISS(T) is 100%.

APPENDIX II – INFORMATION ON FHB (As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document)

6. PROFIT AND DIVIDEND RECORD

The profit and dividend record of the FHB Group based on the audited financial statements of FHB Group for the past three (3) FYE 31 March 2010 to FYE 31 March 2012 are as follows:

	← Audited FYE 31 March →		
	2010	2011	2012
	RM	RM	RM
Revenue	264,293,614	254,157,248	216,979,205
PBT / (LBT)	13,757,662	(8,427,402)	(7,239,575)
Less: Taxation	(2,818,163)	(3,880,224)	(3,507,568)
PAT/ (LAT)	10,939,499	(12,307,626)	(10,747,143)
Non-controlling interests	(1,118,537)	7,212,959	2,054,021
PAT/(LAT) attributable to equity owners of the parent	9,820,962	(5,094,667)	(8,693,122)
Share Capital (RM)	38,500,000	38,500,000	38,500,000
Basic EPS / (LPS) (sen)	25.51	(13.23)	(22.58)
NA (RM)	141,296,880	119,679,575	109,879,447
NA per Share (RM)	3.67	3.11	2.85
Gross Dividend per share (sen)	9.09	45.56	4.71

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APPENDIX II – INFORMATION ON FHB (As extracted from the Offer Document. All terms and abbreviations used are as defined in the Offer Document)

7. STATEMENT OF ASSETS AND LIABILITIES

The following is the statement of assets and liabilities of the FHB Group based on FHB Group's audited statement of financial position as at 31 March 2011 and 31 March 2012:

As at 31 March	2011	2012
	RM	RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	3,204,220	2,882,022
Investment in associates	-	15,533,870
Software development cost	2,352,963	1,752,206
Other investments	554,757	388,195
Other receivables	6,591,340	13,055,517
Goodwill	48,763,739	45,763,739
Deferred tax assets	1,155,632	772,293
	62,622,651	80,147,842
Current Assets		
Other investments	5,548,316	6,736,227
Inventories	17,347,712	14,161,997
Trade receivables	79,823,433	66,993,584
Other receivables, deposits and prepayments	27,650,006	31,430,119
Amount owing by holding company	14,044,923	13,902,341
Amount owing by related companies	2,124,636	2,490,833
Current tax assets	1,511,320	1,342,111
Cash and cash equivalents	57,016,601	37,654,365
	205,066,947	174,711,577
TOTAL ASSETS	267,689,598	254,859,419
EQUITY AND LIABILITIES		
Share capital	38,500,000	38,500,000
Reserves	81,179,575	71,379,447
Shareholders' equity	119,679,575	109,879,447
Non-controlling interests	19,768,471	17,732,480
TOTAL EQUITY	139,448,046	127,611,927
Current Liabilities		
Trade payables	26,292,324	19,421,632
Other payables, deposits and accruals	38,641,284	43,929,942
Amount owing to holding company	1,657,364	2,417,699
Amount owing to related companies	29,401,882	4,257,737
Borrowings	23,769,312	42,053,635
Current tax payables	314,916	322,827
	120,077,082	112,403,472
Non-current liabilities		
Borrowings	7,210,007	14,025,596
Provision for post-employment benefits	-	87,345
Deferred tax liabilities	954,463	731,079
	8,164,470	14,844,020
TOTAL LIABILITIES	128,241,552	127,247,492
TOTAL EQUITY AND LIABILITIES	267,689,598	254,859,419

APPENDIX III – PRACTICE NOTE 15 PARAGRAPH 3 OF THE CODE

The following are the excerpts of the Practise Note 15 Paragraph 3.1 to 3.6 of the Code:

“Independent adviser’s recommendation”

- 3.1 Under paragraph 4 of the Second Schedule and paragraph 5 of the Third Schedule to the Code, the independent advice circular should include comments and advice on the reasonableness of the relevant take-over offer or proposal. In this regard, a recommendation on a take-over offer or proposal made by an independent adviser must contain adequate information and be meaningful and useful to assist shareholders of offeree companies in making an informed decision as to the merits of the take-over offer or proposal as follows:
- (a) in relation to a take-over offer, the term ‘fair and reasonable’ should generally be analysed as two distinct criteria i.e. whether the offer is ‘fair’; and whether the offer is ‘reasonable’, rather than as a composite term; and
 - (b) where evaluating exemptions from mandatory offers, the term ‘fair and reasonable’ may be considered on a holistic basis.
- 3.2 In considering whether a take-over offer can be considered ‘fair’, the independent adviser should assess if the offer price or value of consideration is equal to or greater than the value of the securities that are the subject of the take-over offer, based on the following criteria:
- (a) If the offer price (or value of consideration) is equal to or higher than the market price and is also equal to or higher than the value of the securities of the offeree, the take-over offer is considered as ‘fair’; and
 - (b) If the offer price (or value of consideration) is equal to or higher than the market price, but is lower than the value of the securities of the offeree, the take-over offer is considered as ‘not fair’.
- 3.3 The independent adviser should not consider the percentage holding of the offeror or its associates in the offeree when making the above comparison, but should instead value the securities assuming 100% of the offeree is being acquired.
- 3.4 In considering whether a take-over offer is ‘reasonable’, the independent adviser should take into consideration matters other than the valuation of the securities that are the subject of the take-over offer. Generally, a take-over offer would be considered ‘reasonable’ if it is ‘fair’. Nevertheless, an independent adviser may also recommend for shareholders to accept the take-over offer despite it being ‘not fair’, if the independent adviser is of the view that there are sufficiently strong reasons to accept the offer in the absence of a higher bid and such reasons should be clearly explained.
- 3.5 The independent adviser should take into consideration all relevant factors in evaluating whether an offer is ‘reasonable’ including, but not limited to, the following:
- (a) The existing shareholding of the offeror and persons acting in concert with the offeror in the offeree and their ability to pass special resolutions or control the assets of the offeree;
 - (b) Any other significant shareholding in the offeree (other than (a) above);
 - (c) The liquidity of the market in the offeree’s securities;
 - (d) The expected market price if the take-over offer is unsuccessful;
 - (e) The likelihood and value of alternative offers or competing offers before the close of the take-over offer.

APPENDIX III – PRACTICE NOTE 15 PARAGRAPH 3 OF THE CODE

- 3.6 In the event the independent adviser concludes that a take-over offer is 'not fair but reasonable', the independent adviser must clearly explain the following:
- (a) What is meant by 'not fair but reasonable';
 - (b) How the independent adviser has reached this conclusion; and
 - (c) The course of action that the shareholders are recommended to take pursuant to the conclusion.

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APPENDIX IV – FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This IAC has been seen and approved by the Directors of Microlink and they have individually and collectively accept full responsibility for the accuracy of the information relating to Microlink in this IAC except for the contents of KIBB's advice as contained in Part B of this IAC, and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no other facts, documents or information, the material omission of which will make any statement or information in this IAC false or misleading.

The responsibility of the Board in relation to the information on the Offeror, PAC and the Offer that are reproduced from the Offer Document, is limited to ensuring that such information is accurately reproduced in this IAC.

2. DISCLOSURE OF INTERESTS AND DEALINGS

2.1 By the Offeror, PAC and its Directors

Disclosure of interests in Microlink Shares

There is one (1) class of ordinary shares in Microlink, being the ordinary shares of RM0.10 each. Save for the ESOS, Microlink does not have any convertible securities in issue as at the LPD.

2.1.1 By the Offeror (As extracted from the Offer Document)

Save as disclosed below, the Offeror does not have any other interest, whether direct or indirect, in Microlink Shares as at the Offer Document LPD:

Name	Direct		Indirect	
	No. of Microlink Shares	%	No. of Microlink Shares	%
Offeror				
FHB	39,044,600	29.22	-	-

2.1.2 As at the LPD, the Offeror has not received any irrevocable undertaking from any Holder of the Offer Shares to accept the Offer.

2.1.3 By the Directors of the Offeror (As extracted from the Offer Document)

The Directors of the Offeror do not have any interest, whether direct or indirect, in Microlink Shares as at the Offer Document LPD.

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APPENDIX IV – FURTHER INFORMATION

2.1.4 By the Ultimate Offeror/PAC (As extracted from the Offer Document)

Save as disclosed below, the Ultimate Offeror/PAC does not have any other interest, whether direct or indirect, in Microlink Shares as at the Offer Document LPD:

Name	Direct		Indirect	
	No. of Microlink Shares	%	No. of Microlink Shares	%
<u>Ultimate Offeror/ PAC</u>				
FRB	-	-	39,044,600 ⁽¹⁾	29.22

Note:

(1) Deemed interest by virtue of FHB being a wholly-owned subsidiary of FRB pursuant to Section 6A of the Act.

2.1.5 Dealings in Microlink Shares (As extracted from the Offer Document)

Save as disclosed below, the Offeror has not dealt, directly or indirectly, in any Microlink Shares during the six (6) months prior to the beginning of the Offer Period and up to the Offer Document LPD.

Date of transaction	Nature of transaction	No. of Microlink Shares	Transacted price/average transacted price per Microlink Share (RM)
13 December 2012	Open market acquisition	80,000	0.4700
14 December 2012	Open market acquisition	111,500	0.4936
17 December 2012	Open market acquisition	111,600	0.4973
18 December 2012	Open market acquisition	85,400	0.5000
19 December 2012	Open market acquisition	201,100	0.5067
20 December 2012	Open market acquisition	62,800	0.5100
21 December 2012	Open market acquisition	179,800	0.50625
24 December 2012	Open market acquisition	26,500	0.5100
26 December 2012	Open market acquisition	50,000	0.5100
28 December 2012	Open market acquisition	58,000	0.5150
31 December 2012	Open market acquisition	50,000	0.5170
2 January 2013	Open market acquisition	10,000	0.5200
3 January 2013	Open market acquisition	50,000	0.5100
4 January 2013	Open market acquisition	90,000	0.51722
7 January 2013	Open market acquisition	50,000	0.5150
8 January 2013	Open market acquisition	50,000	0.5100
10 January 2013	Open market acquisition	118,000	0.52767
11 January 2013	Open market acquisition	77,100	0.54367
14 January 2013	Open market acquisition	57,500	0.5600
15 January 2013	Open market acquisition	97,000	0.598970
16 January 2013	Open market acquisition	118,100	0.599580
17 January 2013	Open market acquisition	310,300	0.6000
18 January 2013	Open market acquisition	679,700	0.6000
22 January 2013	Open market acquisition	60,000	0.565920
23 January 2013	Open market acquisition	359,100	0.59533
25 January 2013	Open market acquisition	846,000	0.6000
29 January 2013	Open market acquisition	450,000	0.59442

APPENDIX IV – FURTHER INFORMATION

Date of transaction	Nature of transaction	No. of Microlink Shares	Transacted price/average transacted price per Microlink Share (RM)
30 January 2013	Open market acquisition	700,000	0.59458
31 January 2013	Open market acquisition	631,000	0.59342
4 February 2013	Open market acquisition	1,264,000	0.59439
5 February 2013	Open market acquisition	962,000	0.59499
6 February 2013	Open market acquisition	790,000	0.59499
7 February 2013	Open market acquisition	100,000	0.5900
8 February 2013	Open market acquisition	113,500	0.586610
18 February 2013	Open market acquisition	300,000	0.5650
19 February 2013	Open market acquisition	130,000	0.553462
20 February 2013	Open market acquisition	632,300	0.551186
21 February 2013	Open market acquisition	497,700	0.598667
22 February 2013	Open market acquisition	1,060,000	0.5939
25 February 2013	Open market acquisition	140,000	0.5950
26 February 2013	Open market acquisition	279,500	0.5972
28 February 2013	Open market acquisition	31,000	0.5968
1 March 2013	Open market acquisition	200,000	0.5950
4 March 2013	Open market acquisition	2,000	0.5900
5 March 2013	Open market acquisition	200,000	0.5975
18 March 2013	Open market acquisition	23,000	0.5950
Total		12,495,500	

2.2 By Microlink

2.2.1 Disclosure of interests in FHB Shares

As at the LPD, Microlink does not have any interest, whether direct or indirect, in FHB Shares or securities which are convertible into FHB Shares.

2.2.2 Dealings in FHB Shares

Microlink has not dealt, directly or indirectly, in FHB Shares or securities which are convertible into FHB Shares during the six (6)-month period prior to the commencement of the Offer Period up to the LPD.

2.2.3 Disclosure of interests in FRB Shares

As at the LPD, Microlink does not have any interest, whether direct or indirect, in FRB Shares.

2.2.4 Dealings in FRB Shares

Microlink has not dealt, directly or indirectly, in FRB Shares during the six (6)-month period prior to the commencement of the Offer Period up to the LPD.

2.2.5 Dealings in Microlink Shares

Microlink has not dealt, directly or indirectly, in its own shares during the six (6)-month period prior to the commencement of the Offer Period up to the LPD.

APPENDIX IV – FURTHER INFORMATION

2.3 By Directors of Microlink

2.3.1 Disclosure of interests in FHB Shares

As at the LPD, none of the Directors of Microlink have any interest, whether direct or indirect, in FHB Shares or securities which are convertible into FHB Shares.

2.3.2 Dealings in FHB Shares

None of the Directors of Microlink have dealt, directly or indirectly, in FHB Shares or securities which are convertible into FHB Shares during the six (6) month period prior to the commencement of the Offer Period up to the LPD.

2.3.3 Disclosure of interests in FRB Shares

As at the LPD, save as disclosed below, none of the other Directors of Microlink have any interest, direct or indirect, in FRB Shares or securities which are convertible into FRB Shares as at the LPD:-

(1) Yong Kar Seng Peter

No.	No. of shares	Direct/Indirect interest
1.	5000 ordinary shares	Direct
2.	5,000 rights shares together with 2,500 detachable warrants	Direct

2.3.4 Dealings in FRB Shares

Save as disclosed below, none of the other Directors have dealt, directly or indirectly, in FRB Shares or securities which are convertible into FRB Shares during the six (6) month period prior to the commencement of the Offer Period up to the LPD:-

(1) Yong Kar Seng Peter

Date	No. of Shares	Remarks
21 January 2013	5,000 ordinary shares	Purchase from open market
14 May 2013	5,000 rights shares together with 2,500 detachable warrants	Acceptance of rights shares with warrants

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APPENDIX IV – FURTHER INFORMATION

2.3.5 Disclosure of interests in Microlink Shares

As at the LPD, save as disclosed below, none of the other Directors of Microlink have any interest, whether direct or indirect, in Microlink Shares.

The Directors and their respective shareholdings in Microlink as at the LPD are as follows:-

Name	Direct		Indirect	
	No. of Microlink Shares	%	No. of Microlink Shares	%
Datuk Ali Bin Abdul Kadir	8,450,000	6.32	205,000 ¹	0.15
Datuk Zainun Aishah Binti Ahmad	400,000	0.30	-	-
Chok Kwee Bee	336,500	0.25	-	-
Phong Hon Voon	14,168,682	10.60	-	-
Yong Kar Seng Peter	19,498,170	14.59	555,000 ²	0.42
David Hii Chin Yun	12,677,367	9.49	-	-
Monteiro Gerard Clair	-	-	39,044,600 ³	29.22

Notes:

- 1 Deemed interest by virtue of interest in Rio Capital Sdn. Bhd. pursuant to Section 6A(4) of the Act.*
- 2 Deemed interest by virtue of spouse's interest pursuant to Section 6A(4) of the Act.*
- 3 Deemed interest by virtue of his substantial interest in Red Zone Development Sdn. Bhd., which in turn owned 19.84% equity interest in FRB, the holding company of the Offeror, as at the Offer Document LPD, pursuant to Section 6A of the Act.*

2.3.6 Dealings in Microlink Shares

The following Directors have dealt, directly or indirectly, in Microlink Shares during the six (6) month period prior to the commencement of the Offer Period up to the LPD as disclosed below:-

(1) Datuk Ali Bin Abdul Kadir

Date	No. of Shares	Remarks
08.03.2013	1,000,000	Allotment of shares under ESOS
20.03.2013	1,000,000	Purchase of shares via Direct Business Transaction

(2) Datuk Zainun Aishah Binti Ahmad

Date	No. of Shares	Remarks
08.03.2013	1,350,000	Allotment of shares under ESOS
20.03.2013	1,000,000	Disposal of shares via Direct Business Transaction

APPENDIX IV – FURTHER INFORMATION

(3) Chok Kwee Bee

Date	No. of Shares	Remarks
08.04.2013	99,000	Allotment of shares under ESOS

(4) David Hii Chin Yun

Date	No. of Shares	Remarks
08.03.2013	187,500	Allotment of shares under ESOS
08.04.2013	108,100	Allotment of shares under ESOS

(5) Phong Hon Voon

Date	No. of Shares	Remarks
08.03.2013	187,500	Allotment of shares under ESOS
08.04.2013	108,100	Allotment of shares under ESOS

(6) Yong Kar Seng Peter

Date	No. of Shares	Remarks
08.03.2013	252,500	Allotment of shares under ESOS
08.04.2013	99,000	Allotment of shares under ESOS

(7) Monteiro Gerard Clair

Date	No. of Shares	Remarks
13.12.2012	80,000	<ul style="list-style-type: none"> Indirect dealings as the shares are registered under:
14.12.2012	111,500	
17.12.2012	111,600	(a) M&A Nominees (Tempatan) Sdn Bhd; and
18.12.2012	85,400	(b) Insas Credit & Leasing Sdn Bhd,
19.12.2012	201,100	for FHB.
20.12.2012	62,800	<ul style="list-style-type: none"> Deemed interested by virtue of his substantial shareholding in Red Zone Development Sdn Bhd, which in turn owned 19.84% equity interest in FRB, the holding company of FHB, as at the Offer Document LPD, pursuant to Section 6A of the Act.
21.12.2012	179,800	
24.12.2012	26,500	
26.12.2012	50,000	
28.12.2012	58,000	
31.12.2012	50,000	
02.01.2013	10,000	
03.01.2013	50,000	
04.01.2013	90,000	
07.01.2013	50,000	
08.01.2013	50,000	
10.01.2013	118,000	
11.01.2013	77,100	
14.01.2013	57,500	
15.01.2013	97,000	
16.01.2013	118,100	
17.01.2013	310,300	

APPENDIX IV – FURTHER INFORMATION

Date	No. of Shares	Remarks
18.01.2013	679,700	
22.01.2013	60,000	
23.01.2013	359,100	
25.01.2013	846,000	
29.01.2013	450,000	
30.01.2013	700,000	
31.01.2013	631,000	
04.02.2013	1,264,000	
05.02.2013	962,000	
06.02.2013	790,000	
07.02.2013	100,000	
08.02.2013	113,500	
18.02.2013	300,000	• Indirect dealings as the shares are registered under FHB.
19.02.2013	130,000	
20.02.2013	632,300	• Deemed interested by virtue of his substantial shareholding in Red Zone Development Sdn Bhd, which in turn owned 19.84% equity interest in FRB as at the Offer Document LPD, the holding company of FHB, pursuant to Section 6A of the Act.
21.02.2013	497,700	
18.03.2013	23,000	
22.02.2013	1,060,000	• JF Apex Nominees (Tempatan Sdn Bhd) pledged securities account for FHB
25.02.2013	140,000	
26.02.2013	279,500	• Deemed interested by virtue of his substantial shareholding in Red Zone Development Sdn Bhd, which in turn owned 19.84% equity interest in FRB, the holding company of FHB, as at the Offer Document LPD, pursuant to Section 6A of the Act.
28.02.2013	31,000	
01.03.2013	200,000	
04.03.2013	2,000	
05.03.2013	200,000	

2.4 Other interests in Microlink, the Offeror and the PAC

Save as disclosed above, none of the other Directors of Microlink have any other interest in Microlink, FHB and the PAC.

2.5 General (As extracted from the Offer Document)

- (i) As at the Offer Document LPD, the Offeror and its PAC have not entered into any option to acquire any additional Offer Securities.
- (ii) As at the Offer Document LPD, no ongoing negotiation exists between the Offeror and its PAC and any person with respect to the Offeror's Microlink Shares or Offer Shares.
- (iii) As at the Offer Document LPD, no agreement, arrangement or understanding between the Offeror and its PAC and any of the directors or past directors of Microlink (being such person who was, during the period of six (6) months before the date of the Notice, a director), or any shareholders or past shareholders of Microlink (being such person who was, during the period of six (6) months before the date of the Notice, a shareholder) having any connection with or dependence upon the Offer.

APPENDIX IV – FURTHER INFORMATION

- (iv) As at the Offer Document LPD, there is no agreement, arrangement or understanding entered into by the Offeror and its PAC whereby any Offer Shares acquired pursuant to the Offer will be transferred to any other person(s) within a foreseeable period from the date of this Offer Document.
- (v) All the Offer Shares accepted under the Offer will be registered either in the name of FHB and/or its appointed nominees, if any.

3. CONFLICT OF INTEREST *(As extracted from the Offer Document)*

Save as disclosed below, as at the LPD, there are no deemed conflict of interest situation under Practice Note 12 of the Code:

- (a) A person is a common director of the Ultimate Offeror, Offeror (where applicable) and the Offeree; : Monteiro Gerard Clair
- (b) A director of Offeree who has more than 20% voting shares or voting rights in the Ultimate Offeror or Offeror (where applicable), or a director of the Ultimate Offeror or Offeror (where applicable) has more than 20% voting shares or voting rights in the Offeree, held either directly or indirectly; : Monteiro Gerard Clair and TSDSMN
- (c) There is a cross-holdings of more than 20% of the voting shares or voting rights between the Ultimate Offeror, Offeror and the Offeree; or : Nil
- (d) A person holding more than 20% of voting shares or voting rights in both the Ultimate Offeror or the Offeror and the Offeree : Nil

4. MATERIAL CONTRACTS

4.1 FHB *(As extracted from the Offer Document)*

Save as disclosed below, the Offeror and/or the Ultimate Offeror/PAC have not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the Offer Document LPD:

- (a) Deed poll dated 18 April 2013 pursuant to the renounceable rights issue of up to 278,850,298 rights shares ("**Rights Shares**") together with up to 139,425,149 free warrants ("**New Warrants**") on the basis of two (2) Rights Shares together with one (1) New Warrant for every two (2) existing FRB Shares held on 2 May 2013;
- (b) On 17 January 2013, CAN, a wholly-owned subsidiary of FRB, executed the following agreements:
 - i. Share sale agreement with CME Asia Sdn Bhd ("**CME**") and Fiber at Home City Networks Sdn Bhd ("**FHCN**") to acquire 100,000 ordinary shares of RM1.00 each in the capital of FHCN from CME for a total cash consideration of RM1,000,000 and to subscribe for 500,000 ordinary shares of RM1.00 each in FHCN for a cash sum of RM2,000,000;

APPENDIX IV – FURTHER INFORMATION

- ii. Shareholders' agreement with CME and Wan Mohalina binti Wan Mohammad to regulate their relationship as shareholders of FHCN and the management and operation of FHCN; and
 - iii. Call option agreement with FHCN to grant to CNA to require FHCN to issue and allot up to 1,200,000 ordinary shares of RM1.00 each in FHCN to CAN in accordance with the terms of the call option agreement.
- (c) On 17 October 2012, CNA executed the following agreements:
- i. Investment agreement with Yakimbi Sdn Bhd ("**Yakimbi**"), Andrew Christopher Campbell Diamond ("**AD**"), Bubblegum Sdn Bhd ("**Bubblegum**"), Dato' Larry Gan, Hector William Ingram ("**HI**") and Tan Swee Im ("**TSI**") for the subscription of 1,000,000 new ordinary shares of RM1.00 each in the share capital of Yakimbi by CAN in four (4) tranches at RM3.00 per share for a cash sum of RM3,000,000.00 ("**Yakimbi Investment Agreement**");
 - ii. Shareholders' agreement with AD, Bubblegum, Dato' Larry Gan, HI and TSI to regulate their relationships as shareholders of Yakimbi and the management and operation of Yakimbi; and
 - iii. Option agreement with Bubblegum, Dato' Larry Gan, HI and TSI to grant the right to CNA to require the existing shareholders (other than CNA) of Yakimbi to sell 275,000 ordinary shares of RM1.00 each in Yakimbi to CNA at the option price of RM3.00 per ordinary share ("**Call Option**") amounting to RM825,000.00 during the prescribed Call Option period in accordance with the terms and subject to the conditions set out in the option agreement.

The Yakimbi Investment Agreement was subsequently varied by a supplemental agreement dated 1 April 2013 varying certain terms of the earlier Yakimbi Investment Agreement.

- (d) On 10 September 2012, CNA executed the following agreements:
- i. Investment agreement with MYATM Sdn Bhd (formerly known as RCG Xcess Sdn Bhd ("**MYATM**") and Goh Chee Chern ("**GCC**") to acquire 200,000 ordinary shares of RM1.00 each in the capital of MYATM from GCC for a total cash consideration of RM200,000.00 and to subscribe for 1,300,000 ordinary shares of RM1.00 each in the capital of MYATM in four (4) tranches at RM1.50 per share for cash totalling RM1,950,000.00 ("**MYATM Investment Agreement**"); and
 - ii. Shareholders' agreement with MYATM, GCC and Dato' Larry Gan to regulate their relationships as shareholders of MYATM and the management and operation of MYATM.

The MYATM Investment Agreement was subsequently varied by a supplemental agreement dated 6 February 2013 varying certain terms of the earlier MYATM Investment Agreement.

APPENDIX IV – FURTHER INFORMATION

(e) On 8 May 2012, FRB and FHB (“**the Vendors**”) executed a Heads of Agreement with Microlink pursuant to which the Vendors proposed to undertake the proposed disposal of all of its shareholdings in the following subsidiary companies to Microlink for an disposal consideration of RM102.0 million (“**Disposal Consideration**”) to be satisfied via the issuance by Microlink of 463,636,363 new Microlink Shares based on the indicative Disposal Consideration and an issue price of RM0.22 per Microlink Share:

- i. 100% equity interest in Applied Business Systems Sdn Bhd held by FRB;
- ii. 100% equity interest in Formis Computer Services Sdn Bhd held by FHB;
- iii. 51% equity interest in First Solution Sdn Bhd held by FHB; and
- iv. 100% equity interest in Formis Systems & Technology Sdn Bhd held by FRB.

On 5 October 2012, FHB and Microlink had mutually agreed to terminate the Heads of Agreement in view of the lapse of the timeframe set for the execution of the definitive agreements under the Heads of Agreement.

(f) On 29 March 2012, FRB and Bioserasi Sdn Bhd (“**Bioserasi**”) executed a share sale agreement for the disposal by FRB of its entire issued and paid-up ordinary shares in Formis Bass Software Sdn Bhd (“**FBS**”) of RM11,500,000 made up to 11,500,000 ordinary shares of RM1.00 each to Bioserasi, for the consideration of RM1.00, which was completed on the date of such share sale agreement. Upon completion of the disposal, FBS ceased to be a subsidiary of the FRB Group.

(g) On 19 September 2011, NP (a wholly-owned subsidiary of MYHB, which in turn is a wholly-owned subsidiary of FRB), Topacres Sdn Bhd (a wholly-owned subsidiary of Insas Berhad) and RZDSB executed a shareholders’ agreement to record their relationship as shareholders of Montprimo Sdn Bhd (“**Montprimo**”), which will be undertaking the business of property development. As stated in the shareholders’ agreement, NP agreed to subscribe for 30% of the ordinary share capital of Montprimo at an issue price of RM1.00 each and 30% of the redeemable preference share capital of Montprimo at an issue price of RM1.00 each. As at the LPD, NP has subscribed in cash for 75,000 ordinary shares at an issue price of RM1.00 each and 3,675,000 redeemable preference shares at an issue price of RM1.00 each in Montprimo totalling RM3,759,000 representing a 30% equity interest in Montprimo. Accordingly, Montprimo is a 30%-owned associate company of the FRB Group.

4.2 Microlink

As at the LPD, Microlink and its subsidiaries have not entered into any material contracts (not being contracts entered into in the ordinary course of business) during the two (2) years immediately preceding the LPD.

APPENDIX IV – FURTHER INFORMATION

5. MATERIAL LITIGATIONS

5.1 FHB (As extracted from the Offer Document)

Save as disclosed below, as at the Offer Document LPD, the Offeror and the Ultimate Offeror/ PAC are not involved in any material litigation, claims or arbitration, either as plaintiff or defendant or otherwise, or of any facts likely to give rise to any proceedings which may materially affect the financial position or business of the FHB Group and/or the FRB Group:-

(a) **Arbitration Proceedings by ISS Consulting (M) Sdn Bhd (“ISS (M)”) against TSH Resources Berhad (“TSH” or the “Respondent”)**

ISS (M) has served a Notice of Arbitration (“**Notice of Arbitration**”) dated 2 June 2011 on TSH under the Arbitration Act 2005 in the Regional Centre for Arbitration at Kuala Lumpur (“**Arbitration**”). The amount claimed is as follows:

- (i) the following special damages:
 - (aa) outstanding sums of RM1,770,560.00 pursuant to invoices issued;
 - (bb) outstanding costs on a time and material basis amounting to RM2,193,148.56;
 - (cc) air travel, visa applications and accommodation amounting to RM87,403.00
- (ii) further or alternatively general damages for ISS (M)’s losses and damages;
- (iii) interest on the damages and/or sums awarded at such rate and for such period as deemed fit and just by the arbitrators; and
- (iv) legal costs and costs of the arbitration proceedings to be borne by the Respondent.

ISS (M)’s claim is based on the outstanding claims due and owing to ISS (M) by the Respondent, for works and/or services done and/or rendered, and expenses incurred by ISS (M) pursuant to the Master Consultancy Services Agreement dated 15 February 2008 and the Supplemental Agreement dated 2 October 2009 entered into between ISS (M) and the Respondent which have been terminated by the mutual consent of both parties.

Following TSH’s service of notice of arbitration on 18 August 2011, a mutually agreed single arbitrator was appointed. At the preliminary meeting on 31 January 2012, the arbitrator directed for the submission of various cause papers.

Pursuant to the arbitrator’s directions, ISS (M) filed its Statement of Claim on 6 April 2012 and TSH served its Defence and Counterclaim on 6 June 2012 claiming for the same items as set out in its Notice of Arbitration (as above) and including an alternative prayer of reimbursement of all monies paid to ISS (M) by TSH.

Following the service of TSH’s Defence and Counterclaim, ISS (M) filed their Reply to Defence and the Defence to Counter Claim on 16 August 2012 (which was subsequently amended and served on 20 March 2013). The parties have requested for additional time to comply with the pre-hearing directions. The arbitration has been fixed for hearing on 2 to 6 December 2013.

The legal counsels for the matter are of the opinion that ISS (M) has a fair chance of success based on the instructions obtained.

(b) **Kuala Lumpur regional Centre for arbitration: Formis Automation Sdn Bhd (“FASB”) vs. Lingkaran Teknik Sdn Bhd (“LTSB”)**

On 14 September 2011, FASB initiated the arbitration proceedings of this matter by filing a Notice to Arbitrate under the Kuala Lumpur Regional Centre of Arbitration Rules against LTSB. FASB followed with the filing of their Points of Claim dated 31 January 2012 claiming for RM128,311 and interest (for Claim No. 17), RM536,082.17 and interest (for Claim No. 22), costs and other such reliefs in relation to the dispute of the progressive payments under a sub-contract agreement entered between FASB and LTSB on 12 December 2006.

FASB served its reply to LTSB's defence and defence to LTSB's counterclaim on 9 April 2012. The arbitration was initially fixed for hearing on 11, 12, 25, 26 and 27 September 2012 but was stayed pending FASB filing and later obtaining an injunction against LTSB at the Kuala Lumpur High Court requiring all payments certified by the Project Director and/or paid by the employer of the project be deposited into a joint account operated jointly by FASB and LTSB (“**Joint Account**”) (“**Court Order**”). FASB was successful in its application for the Court Order and the Joint Account was opened on 5 April 2012.

Upon LTSB complying with the Court Order, FASB filed their Amended Points of Claim dated 9 August 2012, amending the earlier Points of Claim to remove all reference of Claim No. 22 (“**Amended Points of Claim**”). At the meeting before the arbitrator on 25 February 2013, LTSB formally applied to amend its Defence and Counterclaim. The hearing of LTSB's application was fixed on 8 March 2013 (which was also the next preliminary meeting date). At the meeting on 8 March 2013, FASB informed the arbitrator that it also intends to amend its points of claim and suggested that both parties be allowed to amend their relevant claims and directions be given in respect of the same. The arbitrator agreed and issued fresh directions and time lines on filing of the amended pleadings as well as documents and witness statements. The parties are in the midst of complying with those directions.

Due to these new developments, the hearing dates for the arbitration which were initially fixed on 10, 11, 23, 24 and 25 April 2013 have been vacated and the arbitration is now fixed for hearing on 9, 10, 11, 12 and 13 September 2013.

In the meantime, LTSB has deposited the sum of RM128,311.00 (for Claim No. 17) into the Joint Account. However, Progress Claim 24 for the approved sum of RM313,168.46 was paid by the employer of the project on or about 22 November 2012 but to date, LTSB has not deposited the said sum into the Joint Account. As such, FASB has filed a committal application in the High Court of Kuala Lumpur on 15 January 2013 (due to LTSB's failure to comply with the court order) (“**Committal Application**”). The Committal Application was initially fixed for hearing on 19 March 2013. However, on 18 March 2013, FASB received an application from LTSB to set aside the Court Order or alternatively for FASB to deposit a sum of RM1,150,063.46 into the Joint Account pending disposal of the arbitration proceedings (“**Setting Aside Application**”). At the hearing of FASB's Committal Application fixed on 19 March 2013, the court decided that LTSB's Setting Aside Application was to be disposed first before it proceeded to hear the Committal Application. The Setting Aside Application was fixed for hearing on 17 April 2013 and after hearing submissions from both parties, the judge fixed the Setting Aside Application for decision to 23 April 2013. On 23 April 2013, the court dismissed LTSB's Setting Aside Application with costs of RM5,000.00. The Committal Application, which was fixed for mention on the same day has been fixed for hearing on 14 May 2013.

APPENDIX IV – FURTHER INFORMATION

The legal counsels for the matter are of the opinion that the chances of obtaining a successful award in respect of the full claim or part thereof are fair.

(c) **Kuala Lumpur High Court Civil Suit No. 22NCVC-439-04/2012: Risk Management and Safety Systems Pty Ltd (“RMSS”) vs.**

1. FRB;
2. Chan Ngow;
3. TSDSMN;
4. Dato’ Mah Siew Kok (“DMSK”);
5. Datuk Rahim Bin Baba;
6. Dato’ Hairuddin Bin Mohamed;
7. Ahmad Bin Khalid;
8. Dato’ Thong Kok Khee;
9. Dato’ Larry Gan;
10. Au Yong Kam Weng;
11. Mah Xian-Zhen;
12. FBS; and
13. Bioserasi

(collectively, the “Defendants”).

FRB has received a Writ of Summons (“Writ”) filed by RMSS (“the Plaintiff”) on 18 April 2012. The amounts claimed against the Defendants and each of them jointly and severally are as follows:

- (i) the sum of USD420,000 together with interest thereon at the rate of 5% per annum from 9 November 2010 to 27 March 2012, and thereafter interest therein at the rate of 4% per annum to the date of full payment;
- (ii) general damages;
- (iii) aggravated damages;
- (iv) exemplary damages;
- (v) interest on the sums referred to in prayers (ii), (iii) and (iv) above at the rate of 4% per annum from such date as the Court may deem fit, to the date of full payment;
- (vi) a declaration that the Defendants and each of them shall be personally responsible to pay all the sums referred to in prayers (i) to (v) above, and that the Court issues such further directions as it may deem fit in relation thereto, pursuant to Section 304 of the Act;
- (vii) further or in the alternative, a declaration that the agreement dated 29 March 2012 entered into between the Company and Bioserasi Sdn. Bhd. for the disposal of the entire issued and paid-up capital of FBS comprising 11,500,000 ordinary shares of RM1.00 each, for a total cash consideration of RM1.00 only, is null and void, and that the Court issues such further directions as may deem fit;
- (viii) costs on a solicitor-client basis, or on such other basis as the Court may deem fit; and
- (ix) such further or other relief as the Court may deem fit.

APPENDIX IV – FURTHER INFORMATION

The claim is in respect of purported allegations by the Plaintiff that the Defendants have directly or indirectly deprived the Plaintiff of the benefits of the Partial Award dated 27 March 2012 (received by the Plaintiff only on 2 April 2012) given under Arbitration Case by the Arbitral Tribunal under the Arbitration Rules of the Singapore International Arbitration Centre. The Plaintiff alleges, inter alia, that the sale of the 12th Defendant's entire issued and paid up capital to the 13 Defendant vide agreement dated 29 March 2012 (the "Sale") and the acts of the Defendants leading up to the Sale and subsequent thereto amounts to, inter alia, the Defendants having dishonestly perpetrated a fraud on the Plaintiff and was done for the sole or predominant purpose to injure the Plaintiff by depriving the Plaintiff of the benefits of the Partial Award.

At the case management on 2 May 2012, the learned Judge gave several directions.

In compliance with the directions, FRB and several of its directors, namely TSDSMN, DMSK, Dato' Hairuddin Mohammed, Ahmad Bin Khalid, Dato' Thong Kok Kee, Dato' Larry Gan, Au Yong Kam Weng and Mah Xian-Zhen filed their joint statement of defence on 15 May 2012 and an application for security for costs which was allowed by the learned Judge on 24 July 2012 wherein a sum of RM25,000 each was ordered as security for costs with the Plaintiff's solicitors who will hold the same as stakeholders.

At the case management on 7 August 2012, the Plaintiff's Solicitors confirmed to the Court that they had received the sum of RM325,000.00 as total security for costs in respect of the 13 Defendants and are holding the same as stakeholders.

On 12 November 2012, the Plaintiff filed an application to amend its statement of claim, and their application was allowed on 14 December 2012, on the same day as the case management date which had been scheduled earlier. In light that the amended statement of claim was allowed, FRB filed its Amended Defence on 2 January 2013. In addition, on 14 December 2012, the 2nd, 5th, 12th and 13th Defendants filed striking out applications which were heard on 30 January 2013 and decision was initially reserved to 18 February 2013.

The trial dates which were initially scheduled on 11, 30 and 31 January 2013 were vacated and rescheduled to 18 and 19 February 2013. This is because two (2) winding up petitions were presented against the 12th Defendant; one (1) of the two (2) winding up petitions was presented by the Plaintiff. As these winding up petitions were scheduled to be heard on 4 and 13 February 2013 respectively, the trial dates on 18 and 19 February 2013 were appropriate as the respective outcomes of the winding up petitions will be required prior to proceeding with the trial of this matter. On 11 January 2013, the learned judge proceeded to fix additional trial dates on 20, 21 and 22 May 2013.

The 12th Defendant was subsequently wound up in early February 2013 and the trial dates initially scheduled on 18 and 19 February 2013 were vacated pending the hearing of the Plaintiff's application in the Shah Alam winding up court for leave to proceed against the 12th Defendant.

The 18 February 2013 trial date was converted to a case management date and the judge fixed 26 February 2013 for further case management and for decision on the striking out applications. On 26 February 2013, the judge disallowed the striking out applications filed by the 2nd, 5th, 12th and 13th Defendant on the basis that the applicants had failed to satisfy him that the Plaintiff's suit, on the face of it, is obviously unsustainable, frivolous, vexatious, scandalous or an abuse of court process. The judge also awarded that costs of RM5,000 be paid to the Plaintiff for each application. The

APPENDIX IV – FURTHER INFORMATION

Plaintiff's solicitor also informed the judge that the hearing of the Plaintiff's application for leave to proceed with its claim against the 12th Defendant from the Shah Alam winding up court is fixed on 1 March 2013. Since the judge was of the view that the leave application could have an effect on the role of the 13th Defendant's solicitor (who also acted for the 12th Defendant until it was wound up), the judge fixed 11 March 2013 for further case management pending the decision on the Plaintiff's leave application.

As the case management on 11 March 2013, the Plaintiff's solicitors informed the judge that they had successfully obtained leave from the Shah Alam High Court on 1 March 2013 to proceed with the current action against the 12th Defendant. The judge vacated the trial dates on 20th and 21st May 2013 and fixed the trial dates on 22 May 2013 and 23rd to 27th September 2013. At the pre-trial case management on 6 May 2013, the parties exchanged their respective witness' statements and the witness statements were filed in court at the same date.

The legal counsels for the matter are of the opinion that FRB has reasonably good prospects in successfully defending the claim.

5.2 Microlink

As at the LPD, neither Microlink nor its subsidiaries is engaged in any material litigation, claims and/or arbitration either as plaintiff or defendant, which may have a material effect on the financial position or business of Microlink and its subsidiaries, and the Board is not aware of any proceedings, pending or threatened, or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of Microlink and its subsidiaries.

6. MATERIAL COMMITMENTS

As at the LPD, there are no material commitments outside or its ordinary course of business entered into by Microlink and its subsidiaries that has a material effect on the business or financial position of Microlink or its subsidiaries.

7. SERVICE CONTRACTS

Save as disclosed below, neither Microlink nor its subsidiaries have any service contracts with any of its Directors or proposed directors, as at the LPD:

- (a) Employment letter of offer dated 26 November 2007 ("**Employment Letter**") issued by Microlink to Yong Kar Seng Peter for the position of Chief Executive Officer of Microlink. The offer was accepted by Yong Kar Seng Peter on 1 December 2007. Pursuant to the Employment Letter, the appointment may be terminated by either party by way of a three (3) calendar months written notice upon confirmation of appointment or payment of salary in lieu of such notice.

8. FINANCIAL RESOURCES OF FHB *(As extracted from the Offer Document)*

FHB confirms that the Offer would not fail due to insufficient financial capability of FHB and that every Accepting Holder will be paid in full in cash.

RHB Investment Bank, as the Adviser to FHB in relation to the Offer, are reasonably satisfied that there are sufficient financial resources available to FHB such that the Offer would not fail due to insufficient capability of FHB and that every Accepting Holder will be paid in full in cash.

APPENDIX IV – FURTHER INFORMATION

9. CONSENTS

KIBB has given and has not subsequently withdrawn its written consent for the inclusion of its name, letter and all references thereto in the form and context in which they appear in this IAC.

RHB Investment Bank has given and has not subsequently withdrawn its written consent for the inclusion of its name and all references thereto in the form and context in which they appear in this IAC.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered office of Microlink at Level 8, Symphony House, Block D 13, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan during normal business hours from 8.30 a.m. (Malaysian time) to 5.30 p.m. (Malaysian time), Mondays to Fridays (excluding public holidays) from the date of the Offer Document up to and including the Closing Date:

- (i) Memorandum and Articles of Association of Microlink;
- (ii) Audited consolidated financial statements of Microlink for the past two (2) FYE 2011 and 2012;
- (iii) Letters of consent referred to in Section 9 of this Appendix V; and
- (iv) The Notice dated 7 May 2013.

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